# The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917


# Japanese Prepare for Exploitation of Conquered Territory

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# The China Weekly REVIEW

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## WHY GENERAL TERAUCHI FAILED TO RECEIVE HIS PAPER

ON March 14, three weeks ago, the Headquarters of the Imperial Japanese Forces in China—at Peiping—sent *The Review* a letter, which was received this week. As indicated, it required three weeks for the letter to make the trip from Peiping to Shanghai, a trip which, prior to the Japanese military adventure on the Continent, required some 30 hours by train and from six to eight hours by airplane. But in the present instance our interest is in the text of the letter, the following being an exact copy:

Headquarters
IMPERIAL JAPANESE FORCES
IN CHINA
Peking, 14th March, 1938

Business Manager
China Weekly Review
Shanghai.

Dear Sir,

This is simply to inform you that we discontinue to subscribe to your paper when it expires on the 31st March, 1938 until such time when we can receive the paper much quicker as before.

Yours faithfully,
Y. NAKAGAWA

We naturally are sorry to lose such an old subscriber as the Headquarters of the Imperial Japanese Forces at Peking (previously Tientsin), as our records show that the Headquarters has been on our subscription list for no less than 15 years. But, and we are now paraphrasing our reply to Mr. Nakagawa, "Upon investigation we find that the delay which you have experienced in receiving your copies of *The Review* is not due to any fault on our part as the paper has been deposited in the Shanghai Post Office regularly every Friday. We therefore assume that the cause of the irregularity is two-fold: First, the intervention of the Imperial Japanese Forces which has disrupted railway and air communication and postal services all over the country.

Second, the Japanese censors in the post offices in Tientsin and Peiping also have been responsible for delays and in some cases, allegedly, the complete loss of valuable mail."

Illegal Japanese interference with the mail has been a matter of strong protest on the part of the foreign diplomatic authorities in China, and it is likely that heavy claims for damages will be made. But in the case of ourselves and other newspapers in Shanghai, we hope that General-Count Terauchi's Headquarters at Peiping, will do something about the censors anyway. We realize that one cause for the delay in the despatch of mail, due to the slowness in reopening transportation on the Tientsin-Pukow Railway, is something which the Imperial Japanese Headquarters apparently will not be able to rectify within any predictable period of time!

## JAPANESE DIDN'T BURN CHIAOTUNG ONLY SEIZED IT!

CHIAO TUNG University, located at No. 1954 Ave. Haig, (adjoining) French Concession, Shanghai, was China's leading engineering school, specializing in all branches of electrical, motor, steam, aerial and radio communications. The name of the institution, Chiao Tung means "communications."

Chiao Tung was established in 1896—more than 40 years ago—and one of the first presidents was Dr. John C. Ferguson, well known American educator, editor and authority on Chinese art. While the school was controlled by a Chinese board there was always an American interest in the institution. Usually there were several American teachers on the staff and much of the laboratory equipment and mechanical plant came from the United States.

The school has more than 5,000 graduates of its various departments, several hundreds of whom have continued their studies in the Cnited States. The average enrollment is from 500 to 700.

The systematic destruction of Chinese educational institutions by the Japanese Army or by Japanese ronin and gangsters in the wake of the army is so well known as to require no further exposition here. But the case of Chiao Tung is somewhat different: the Japanese didn't burn Chiao Tung; they seized it and are now making preparations for occupying it permanently for the use of the students and faculty of Tung Wen College, popularly known as the Japanese "spy" college.

But there is considerably more to the story than the mere Japanese seizure of the buildings and campus of Chiao Tung. In order to occupy the property, the Japanese used their armed forces to literally drive from the campus approximately 10,000 Chinese refugees, mostly women and children who had been maintained on the premises for several weeks by the Salvation Army. The faculty and students of Chiao Tung, led by President Dr. J. Usang Ly, had turned over the buildings and campus for temporary use as a refugee camp and due to its location, on the border of the French Concession, the campus and buildings were soon jammed with unfortunates whose homes had been destroyed in the villages of the Hungjao and Jessfield districts. Soon after the Japanese Army had extended its control over the surrounding district, the officers began sending inspection parties into the campus and buildings and in a few days there came an order for the evacuation of the property. Despite the lack of quarters, the Japanese proceeded to drive, first, some 2,000 refugees from the campus to the adjacent streets of the French Concession. Later another 1,000 were evicted and so on until the last 700 were driven out on April 1. Foreign missionaries, who have charge of the refugee camps had a difficult time in finding quarters for those evicted from Chiao Tung campus, but some were crowded into the other camps and a considerable number were housed in the quarters of the old Chinese chamber of commerce on North Honan Road within the section of Hongkew which is still held by the British troops.

When the Japanese first seized the premises of Chiao Tung University, the military spokesman announced that it was being done in retaliation for the Chinese action in burning the buildings of Tung Wen, the Japanese "spy" college, located on Hungjao Road. But the Japanese had already destroyed more than a dozen Chinese universities and colleges, including the new buildings of Kwang Hwa University, located in the vicinity. The destruction of the Japanese Tung Wen institution was the first and only chance the Chinese had to retaliate as their troops were withdrawing from the city. Furthermore, Chinese animosities against Tung Wen long predated the present crisis as the school, for practically a quarter of a century, had been used by the Japanese Army and Navy for the training of secret service operatives in the various branches of the Japanese intelligence service in China.

## Dr. Herman C. E. Liu Murdered

The brutal murder of Dr. Herman C. E. Liu on the morning of April 7, left an irreparable gap in Chinese and foreign educational circles in China, and his death will be widely mourned in both the United States and Great Britain where the Shanghai University president was well-known.

Dr. Liu was fatally shot while standing with his son waiting for a bus at Majestic and Bubbling Well roads. His assassins approached and fired one shot, which is believed to have passed through Dr. Liu's head. He slumped to the ground, the gun was put to his head and the trigger pulled several times. However, the gun jammed. Two suspects later were arrested by police.

Dr. Liu was a native of Hanyang, Hupeh, where he was born in 1896. After receiving his early education in mission schools he attended Soochow University and upon graduation went to Chicago University from which he was graduated in 1918 with the B. Sc. degree. He then took special work at Teachers College, Columbia University, where he was awarded the Ph. D. degree. Upon returning to China he was first associated with the Y.M.C.A., later engaging in educational work where he was known as one of the country's outstanding leaders. Mrs. Liu and their children are now in Shanghai. Their residence is at 81 Sun Avenue.

# Japan Sets Up Machinery for Economic Control and Exploitation of North China

THE explosion of some 350,000 Japanese firecrackers on the occasion of the inauguration of the "Reformed" Government at Nanking last week apparently had the intended effect of diverting attention from far-reaching

**TRYING TO TAKE TOO MUCH**

*Raey in the Montreal Star*

plans for the economic exploitation of Chinese territory now controlled by the Imperial Japanese Army.

There was undoubted significance in the declaration of Premier Konoe in the Diet that Japan did not intend to relinquish a single inch of territory now occupied by the Imperial Army!

The Japanese program, formulated by the Army and legalized by the Diet, would, if carried out without interference, soon place the Japanese in complete economic domination of the northern Chinese provinces and also would give them a large measure of control in the Central provinces.

While the Japanese made considerable noise over the creation of the new puppet administration in Nanking (it cost them over $2,500,000) there is apparently no intention of having Nanking become *the* government. One faction in the Army insisted upon separate and independent puppet administrations, but the Kwantung faction in the North insisted, and had its way, that the Provisional regime in the North should constitute the sole government from the standpoint of treaty-making power.

Treaty-making authority is an important point because the Tokyo military leaders desire to cloak their activities in strictly legal forms!

After several inquiries on the subject by members of the Diet, Foreign Minister Koki Hirota finally replied that the Peiping regime would be regarded as the central administration from the standpoint of discussing an armistice or negotiating a treaty.

According to reports in the Tokyo newspapers concerned with the setting up machinery for political and economic control of territories now dominated by the army, the impression was created that the Japanese are, more and more, looking upon conquered territory as land to be permanently controlled by Japan. Premier Konoe not only said that Japan would not relinquish any Chinese territory now controlled by the Army, but he also disclosed that the limit of Japan's action in China "was difficult to show geographically."

Aside from the so-called "Federal Reserve Bank", already established, and two semi-official development companies, now in process of organization, the Tokyo authorities are also planning the creation of another organ which has been referred to as the "Board of Chinese Economic Affairs" or "The Japan-China Economic Council."

**STOMACH TROUBLE**

*Elderman in the Washington Post*

This organ would provide the link between the Tokyo government and the administrative machinery it is planned to set up in the north. In many respects it would resemble the set-up in Changchun following the creation of the Puppet Pu-Yi regime of Manchukuo.

For example, the Japanese have appointed Hatsusaburo Hirao as Supreme Economic Adviser, attached to the Japanese army. His position, apparently, is intended to be somewhat similar to that of the Japanese Ambassador in Changchun with respect to his relationship with the Peiping "Provisional" government.

It was revealed in the course of an article in the *Miyako Shimbun* on March 18 that Tokyo intends to negotiate an agreement with Peiping which would amount to the conclusion of a Japan - China - Manchukuo military - economic alliance. It would bring into being the long discussed "economic bloc" composed of Japan, Manchukuo and China. The agreement would embrace Japan's fundamental policy of economic exploitation of China under Japanese military domination. The treaty would embrace five items: Japan-China economic council to be established in Peiping to be composed of ten members, five Chinese and five Japanese; the president would be Chinese and the vice-president a Japanese; the council would reply to inquiries of the Provisional Government of China and would express opinions and make suggestions to the Provisional Government relating to economic cooperation between the two countries and the development of economic activities in China; the Provisional Government of China would be required to look to the Economic Council on all matters pertaining to economic development. The opinions of the Council would at all times be binding on the government.

According to the report in the *Miyako*, Wang Keh-ming was scheduled as head of the Chinese group, while the Japanese group would include the economic adviser, the president of the North China Development Company, (soon to be appointed), representatives of the Ministries of Agriculture and Forestry and Commerce and Industry at Tokyo.

The nature of the organization to be set-up in Tokyo for the control of political and economic activities in China has not yet been definitely decided. But a report in the *Asahi* on March 11 said that it probably would be similar to the Manchukuo Bureau which was set-up in the Cabinet shortly after the creation of the puppet state. Whatever the organization, it will be composed of representatives of the War, Navy and Finance Ministries and possibly also the ministry of Foreign Apairs. It probably will be known as the China Council or China Bureau and will have Cabinet status. A report in the *Nichi Nichi* (March 10) said that the Prime Minister would be president of the council and would appoint the other members.

The council would consider all fundamental policies connected with China and would serve as

**CHINA "REFORMED"**

*London Daily Herald*

a board of reference for the Prime Minister. The council or bureau would have three departments, political, economic, cultural. It would contain a technical commission composed of experts in the fields of public works, industries and finance. The Director General would be either an official in full charge or a Cabinet officer holding the post concurrently. The sum of Y800,000 has been set aside as preliminary expenses.

## TWO OFFICIAL COMPANIES TO CONTROL CHINA'S RESOURCES

(*Asahi Shimbun, Tokyo, March* 14)

The following is a rough translation of the law passed by the Japanese Diet creating the two official companies, popularly designated as "national policy companies" which are scheduled to function in North and Central China:

*A.*—North China Development Company, Limited (Kitashina Kaishatu Kabushiki Kaisha):

The North China Development Company shall be established with the object of further cementing the economic development in North China and contributing to the prosperity of North China.

(1). The proposed company shall be a Japanese judicial person in accordance with the provisions of the special law.

(2). The proposed company shall be capitalized at Yen 350,000,000, the fund to be furnished by the Japanese Government and those other than the Japanese Government on equal basis to the amount of Yen 175,000,000, respectively. Of the total investment of the Japanese Government, about Yen 150,000,000 shall be made in commodities or property. Investments by those other than the Japanese Government shall be invited by public subscription. The capitalization of the proposed company may be increased subject to the approval of the Japanese Government.

(3). Preferred dividend privilege shall be recognized for the investments made by parties other than the Japanese Government in the proposed company. By supplementing profits to the said company, the dividend will be guaranteed and other similar favorable treatment will be given.

(4). The proposed company shall invest funds or accomodate funds in the following enterprises or attend to the control and adjustment of such enterprises:

(*a*) Major traffic and transportation enterprises.
(*b*) Major communications enterprise.
(*c*) Major power generating enterprise.
(*d*) Major mining enterprise.
(*e*) Salt and salt utilization enterprises.

(*f*) Other enterprises recognized as being specially necessary to be controlled and adjusted for the acceleration of the economic development in North China, and specially licensed by the Government. The said company shall be required to obtain the approval of the Government in case of establishing any affiliated companies for the operation of the foregoing enterprises.

(5). The proposed company is authorized to issue debentures to a value five times as much as the paid-up capitalization. The Government shall consider the measures for guaranteeing the payments of capital and interest of such debentures.

(6). The Government shall give a special privilege to the proposed company in connection with the registration tax, the income tax and business profit tax for the year of the establishment and for the period of nine years from the following year.

(7). The proposed company shall have one president, two vice-presidents, directors exceeding 5 in number, and auditors exceeding 2 in number.

The President and Vice-Presidents of the company shall be appointed by the Government with the Imperial approval, the directors shall be named by the shareholders' general meeting, subject to the approval of the Government. The company may have advisers, to be commissioned by the company with the approval of the Government.

(8). The Government shall attend to the supervision of the proposed company through the approval of the plans relating to the investments and accomodations for each business year (to be conducted in the manner as provided by the separate clauses) and other important matters, the establishment of the inspectors system and the orders necessary for the military reasons or for the attainment of the original objectives of the company.

(9). The Government shall make efforts to make the new Government in China consider special treatment methods to the proposed company and its affiliates.

**Separate Clauses**:

1. Applications for the approval of the plans for the investments or accommodations of funds by the North China Development Company in each of the business year and their alterations shall be submitted one month prior to the start of the business year or the start of the alteration plans. In the alterations of such plans, when such alterations are simple, simple methods shall be followed.

2. The Government shall complete the treatment of the applications for the approval of the investments or accomodations of funds or their alterations of the said company by the time of the start of the business year concerned or the start of such alterations.

## CENTRAL CHINA COMPANY

*B.*—Central China Promotion Company (Chushina Shinko Kabushiki Kaisha).

The Central China Promotion Company shall be established in the Central China district on the basis of the Japan-China mutual prosperity principle to attend to the investment in or accomodations of funds to the enterprises concerned with the public interest and other enterprises necessary for the industrial development of the district. If necessary, the company is made to attend to the management of such enterprises.

(1). The proposed company shall be a Japanese judicial person in accordance with the provisions of special law, with the head office to be stationed at Shanghai.

(2). The proposed company shall be capitalized at Yen 100,000,000 to be furnished by the Japanese Government and Japanese private circles to the amount of Yen 50,000,000, respectively.

The capitalization of the proposed company may be increased subject to the approval of the Government.

(3). For the public investments in the proposed company, a preferred dividend privilege shall be given. The supplementing of profits over a certain fixed period of time and other special treatment measures to guarantee the dividend shall be considered.

(4). In the initial stage, the investors in the proposed company shall be confined to the Japanese side, but in future, the participation of the Chinese and Manchukuo sides will be invited. The investments from the third countries other than Japan, Manchukuo and China shall be recognized in the industrial companies affiliated to the proposed company.

(5). The proposed company shall invest in or accomodate funds to the following enterprises:

(*a*) Enterprises relating to traffic, transportation and communications.
(*b*) Enterprises relating to electricity, gas, and waterworks.
(*c*) Enterprises relating to mining production.
(*d*) Enterprises necessary for the promotion of public interest and industrial development, licensed by the Government. The proposed company will specialize in the investments or the accomodations of funds, but under special circumstances and subject to the approval of the Government may attend to the direct management of the forgeoing enterprises.

The proposed company shall obtain Government approval for the establishment of affiliates to operate the foregoing enterprises.

(6). The proposed company is authorized to issue debentures to the value of five times as much as the paid-up capitalization. The Government shall consider measures for guaranteeing the payment of capital and interest of such debentures.

(7). The proposed company shall have one president and one vice-president each, more than three directors, and more than two auditors. The President and Vice-president shall be appointed by the Government with Imperial approval. Directors shall be named by the general shareholders' meeting with the approval of the Government.

(8). The Government shall supervise the proposed company by the approval of the plans for investments or accomodations of funds and other important matters for each business year (by methods provided by the separate clauses), the establishment of the inspectors system, and orders necessary for the military objects or for the attainment of the objectives of the proposed company.

(9). The Government shall make efforts to make the new regime, if such is created in the business territory of the proposed company in the future, consider special treatment methods for the proposed company or its affiliates.

**Separate Clauses**:

1. Applications for the approval of the plans for the investments or accomodations of funds for each business year of the Central China Promotion Company or for the alterations of such plans shall be submitted to the Government one month prior to the start of the business year concerned or the start of such alterations. When alterations of such plans are simple, simple methods shall be followed.

2. The Government shall complete the treatment of the plans relating to the investments or accomodations of funds or their alterations before the start of the business year concerned or the start of such alterations.

## CHIANG MADE WAR-TIME TSUNG TSAI BY KUOMINTANG CONGRESS

GEN. Chiang Kai-shek became war-time dictator of China, highest position of responsibility ever accorded any citizen since the birth of the Republic in 1911—with the single exception of the late Dr. Sun Yat-sen—as a result of the action of the Kuomintang Congress held at Hankow, March 29 to April 2. It was the most important action of the Congress which was attended by more than 500 delegates, including some of the outstanding red leaders. The position carries with it dictatorial powers to make decisions on vital matters affecting Party and Nation, particularly questions concerning the prosecution of the war.

Actions of the Congress which are likely to fundamentally affect the future of the country may be summarized as follows: re-affirmation of China's determination to continue resistance to Japanese aggression; further consolidation of national unity; greater centralization of authority; preservation of Kuomintang as the dominant Party in national affairs; greater freedom for and more active participation of the people in political life and closer co-operation among all political groupings in the country in the face of the present crisis.

In order to dodge possible Japanese air raids reports were circulated that the Congress was meeting at Chungking instead of Hankow. The strategy was successful as no Japanese planes appeared over Hankow during the meeting.

Aside from General Chiang's election as "Tsung Tsai" of the Kuomintang, many other important decisions were made at the Congress. Gen. Chiang at first declined to consider election to the exalted position, but was finally prevailed upon to accept. He then recommended creation of the post of "Fu Tsung Tsai" or Deputy General Executive and nominated Wang Ching-wei for the post. Mr. Wang was accordingly elected.

The post of "Tsung Tsai" should not be confused with that of "Tsung Li," meaning "leader or President," which was held by the late Dr. Sun Yat-sen, founder of the Kuomintang. According to the Constitution of the party adopted at the First Congress held at Canton in 1924, Dr. Sun was designated as permanent "Tsung Li." This high honor was regarded as the sole possession of the late Leader. The Second Kuomintang Congress, held two years later, made it clear that no new "Tsung-Li" ever would be designated.

As "Tsung Tsai," General Chiang will exercise enormous powers:

1. Act as Chairman of National Kuomintang Congresses.
2. Act as Chairman of the Central Executive Committee of the Kuomintang.
3. Possess the right to ask the National Kuomintang Congress to reconsider its resolutions.
4. Have the final say in regard to resolutions passed by the Central Executive Committee of the Kuomintang or, in other words, he can veto the Committee's decisions.

It was made clear that the creation of the new posts of "Tsung Tsai" and "Fu Tsung Tsai" were for the purpose of bringing about unified war-time leadership under a single party executive.

Other important decisions of the Congress were:

1. That the *San Min Chu Yi*, or Three Peoples' Principles, shall be the highest guiding principles for national thought. It is explained that this should dispel all speculations concerning the possibility of Communism controlling the Government.
2. That the people shall have absolute freedom of speech and press, and also freedom to hold meetings and form associations, so long as such activities do not interfere with the progress of China's war of resistance.

The Congress also decided to create a People's Political Council to give citizens an opportunity to participate in the government. A general program of resistance and national reconstruction was adopted. The program aims at the mobilization of all the human and material resources of the country for the struggle against Japanese aggression. The system of Reserve Members of the Kuomintang was abolished and in its stead a Kuomintang Youth Group was created.

Important changes in the orgnaization and personnel of Central Kuomintang are expected as a result of the decisions of the Congress. The People's Political Council will, it is said, consist of three representatives of each province, to be chosen by the Government from six candidates elected by popular vote. The Council will mainly be advisory in nature, functioning under the direction of the Government.

The closing session was featured by the adoption of a manifesto inviting the Communists to co-operate more closely with the Kuomintang, through an appeal to the entire nation, regardless of political faith, to rally under the leadership of Gen. Chiang Kai-shek. Although the manifesto emphasizes the necessity of the Kuomintang dominance, it plead for support of all factions for the purpose of carrying on the war.

With regard to the war, the manifesto said that the security of the Northern provinces meant the security of China as a whole; if they cannot be preserved, not only will the hope of a reasonable settlement of the question of the four Northeastern provinces be forever lost, but the whole territory of China will be virtually gone.

"Our final object," the manifesto solemnly declared, is peace,—which has been the basis of our policy—but the peace we value is peace founded on Justice. A patched-up peace at the expense of Jusitce is no peace at all; it is mere surrender."

Should China, the manifesto continues, allow herself to be intimidated by Japan into submission and surrenders to force for the sake of stolen ease and false security, then she would be reduced to a position of one of the Japanese colonies.

"The hope of peaceful co-existence between China and Japan," the manifesto goes on, "cannot be fulfilled until Japan was courageously forsaken her misguided program and abandoned her policy of aggression; and cooperate with China for the re-establishment of peace on the basis of Righteousness and Justice."

Not until then will the crisis in the Pacific region be averted, the manifesto emphasizes, and the peace of the world effectively ensured.

"China's foreign relations today," the manifesto continues, "will be governed by two principles. Firstly, the Chinese will scrupulously respect all those treaties designed for the maintenance of international peace, to which she is a party and unflinchingly defend their sanctity and inviolability."

Secondly, it proceeds, China will seek not only to preserve but to further enhance the friendly relations happily subsisting between China and other Powers.

"At this time of unprecedented national calamity," the manifesto points out, "we realize all the more that we should not entertain any false hopes of miraculous happenings nor count entirely upon foreign assistance; but, instead, we should rescue ourselves and carry on our struggle by dint of our own efforts, whatever the difficulties and privations."

Continuing, the manifesto says that the guiding principle for the building up of a new China are the *San Min Chi-I*, or Three People's Principles, from which spring both her foreign and domestic policies, and the motive of both policies is identical,—namely, freedom and equality for China in the family of nations.

"China," the manifesto proceeds, "must proceed with her war of resistance simultaneously with her task of national reconstruction. The two are so interwoven that one is indispensable to the success of the other."

In the course of self-defence, the manifesto points out, China must make the Principle of Nationalism the basis of her efforts. The people must be clearly given to understand that Political Freedom constitutes the safeguard for China's national existence; and that Economic Freedom is her safeguard for national material security.

The decisions taken at the Congress were unanimously approved by all circles at Hankow. The Communist organ *Hsin Hua Jih Pao*, joined the Chinese army newspaper *Sao Tang Pao* and the Kuomintang organ *Wuhan Jih Pao* in declaring that the decisions marked a new epoch in China's "Renaissance." The *Hsin Hua Jih Pao* declared: "We enthusiastically expect the united front among all parties to be further strengthened: let's accelerate our final victory against Japan."

Gen. Chen Chen, Director of Political Department of the Generalissimo's Headquarters, emphasized the importance of creating a Kuomintang Youth Group, pointing out that this action was designed to organize and train Chinese youths as a means of further strengthening Chinese resistance. Gen. Chen stated that the status of the Communist Party was not discussed by the delegates, since that matter had been fully dealt with at the 3rd Plenary Session of the Central Executive Committee following the liquidation of the Sian Affair. The Communists had then pledged themselves to support the *San Min Chu I*, the Kuomintang, the National Government and Gen. Chiang Kai-shek in their resistance against the Japanese.

According to a report in the *Shanghai Nippo*, the Congress has caused an expansion of both power and size of the Military Affairs Commission. In addition to military matters, the Commission will extend its control to political, financial and economic affairs of the country. The Japanese paper also alleged that the Communists had insisted in the adoption of a "10-Point Program for Anti-Japanese Political Activities."

A *Domei* report alleged that members of the so-called "Foreign Legion," composed of foreign fliers in the service of the Chinese Government recently disbanded, had all departed from Hankow for Hongkong. Several German military advisers to the National Government were also reported to have departed. The report was not confirmed.

In contrast with the stirring developments at Hankow, practically nothing further has been heard about the puppet "Reformed Government of the Republic of China" at Nanking, which is now 10 days old. Immediately after their "inauguration," the whole group of puppet officials returned to Shanghai, leaving the Japanese Army in charge of their "government." On April 1, they were hosts to some "700 officials and prominent Shanghailanders" at a reception at the New Asia Hotel. About 85 per cent of the guests were Japanese military and naval officers. They were entertained by 150 Japanese geisha girls recently brought here to entertain the Japanese army. Gen. S. Hata, Japanese Commander-in-Chief in Shanghai, did not attend.

The New Asia Hotel located in the Hongkew area, was decorated with "Five-Barred Flags" crossed with Japanese Army and Navy Flags. Liang Hung-chi, chief official of the "Reformed Government," officiated at the function and offered profuse thanks to the Japanese for support given his Government. Vice-Admiral Hesegawa responded and wished Mr. Liang's regime a steady growth.

Liang, in a *Domei* interview, attacked the National Government. "This clique of warlords brought about the war, ignoring its mission of maintaining peace in the Orient and the need for friendly relations with Japan for mutual prosperity and welfare." He said the establishment of lasting peace in East Asia and promotion of friendly relations with "neighboring countries" were the main objectives of the "Reformed Government."

According to *Shanghai Mainichi*, Chang Yu-ching, who headed the Chapei police during the Shanghai war in 1932, was the real "master-mind behind the Reformed Government" at Nanking. About a month after the fall of Nanking, Chang initiated negotiations with Japanese and Chinese politicians with a view to establishing a new administration opposed to the National Government. Chang was described as a native of Hupeh, 52 years old and an ex-militariast. The *Mainichi* failed to explain why Chang was not given a post in the "Reformed Government."

The "Great Way" Government in Pootung will soon be reorganized into a Shanghai Municipal Administration, according to *Domei*. But the area under its jurisidation will remain unchanged. The "Great Way" Mayor Soo Hsi-wen will also continue as head of the organization, the previous report that the "Interior Minister" Chen Chun will hold the post concurrently being discredited. According to a report in the Chinese papers, two bombs were discovered near the entrance of Chen's residence in Shanghai, but did not explode. There was also a report that Soo Hsi-wen will eventually relinquish the post in favor of Chen Chun and may be appointed "Chairman of Kiangsu." According to *Ta Mei Wan Pao*, smoking dens and gambling houses are flourishing everywhere in the area under the "Great Way" Government, especially in the western part of Shanghai, where a new gambling place capitalized at $300,000 is allegedly being organized.

On the eve of organization of the Nanking "Reformed Government," Chinese civic organizations in Shanghai issued a manifesto opposing the puppet regime. "The bogus regime will never be recognized by the people of Shanghai. Traitors participating in the regime will be severely punished when Chinese troops re-capture Shanghai," the manifesto declared.

The Shanghai Chamber of Commerce is facing serious difficulties as a result of its failure to fly the "Five-Barred Flag" on March 28 in celebration of the inauguration of the "Reformed Government." Japanese were indignant, according to a *Ta Mei Wan Pao* report, that the Chamber flew the Kuomintang Flag on March 29 in commemoration of the 28th anniversary of the Canton uprising of 1911.

In spite of his narrow escape at the hands of assassins, Wang Keh-min, head of the Peiping "Provisional Government", continued to insist on absorbing the Nanking regime. The Japanese claimed that plans for the eventual merger of the two puppet regimes have been perfected. Notwithstanding a rigid search and offer of a reward of $10,000, the six assassins whose shots missed Wang but hit his Japanese advisor E. Yamamoto are still at large. The search instituted by Japanese military of all persons including foreign diplomats passing through entrances to the Legation Quarter in Peiping resulted in no arrests. But there were vigorous protests from British and American Embassies against such procedure. The attempt on Wang's life aroused much alarm among officials of the Peiping puppet organization, who are now demanding the Japanese to supply more guards.

It was reported that Liang Hung-chi had flown to Peiping in a Japanese army plane to discuss amalgamation of the Nanking and Peiping administrations, but a more potent subject allegedly discussed concerned control of Customs. The Peiping regime was said to have proposed that the administration of the Maritime Customs within in sphere of the Nanking regime be placed in charge of Peiping. Control of foreign policy, including trade and the matter of inviting foreign investiments, also is to belong to Peiping. For the time being, Peiping will give financial assistance to Nanking whose monthly revenue is estimated by *Domei* to be only about $150,000 from various taxes and levies. Finances of the Peiping Regime were declared to be satisfactory. The March balance was given as $8,000,000 but an additional

$10,000,000 was expected to result from certain projected loans to be secured on the Customs revenues.

Yin Tung, former close associate of the late Huang Fu and Managing-Director the Peiping-Liaoning Railway, previously mentioned as possible governor of Shantung, has been appointed head of the Construction Department of the Provisional Government's Executive Committee at Peiping.

Creation of a Pro-Japanese Chinese Army is planned by the Japanese in the North. According to *Domei*, the Peiping "Provisional Government" has decided to establish a military academy where some 400 youths, ranging from 20 to 25 years old, will be trained. Also a Foreign Language School is planned by Peiping's Education Ministry. Japanese language will be compulsory, while Chinese and other languages will be optional.

## Business Good in Shanghai, Says Sir Victor

Sir Victor Sassoon disclosed to the press upon his arrival in Honolulu March 30 by the Hawaii Clipper, that Japanese financiers had approached him regarding the work of reconstruction in the devastated Shanghai areas. Sir Victor said that the Sassoon interests are presently flourishing, and that business is "generally excellent" in Shanghai. The Shanghai financier declared that Dutch, German, and British traders are getting much Oriental and Indian trade formerly held by the Japanese. Asserting that China's commercial future is "unpredictable," Sir Victor pointed out that Japanese production costs are steadily mounting and predicted that the Chinese mills taken over by the Japanese would everntually be detrimental to Japanese home interests. Expecting to fly more than 29,000 miles in going to California, South American points, and up to New York, Sir Victor plans to leave New York on June 6 for England.

Sir Victor Sassoon

## Mrs. De Salas Advised to Leave China

Mrs. Katherine De Salas, American widow of a one-time official of the Guatemalan Legation at Washington, D. C. and the daughter of the late Mr. William Denby Rose, former district attorney at Sacramento, California, was given one year in Ward Road Jail, sentence suspended, by Judge Milton J. Helmick in the United States Court for China April 1. The woman was convicted on a charge of larceny by trick, which was lodged against her after 18 post-dated checks she had issued in payment for merchandise were dishonored by the local bank on which they were drawn. Mrs. De Salas left Shanghai shortly after she issued the checks and was not here when they "bounced."

Deputy United States Marshal Arthur Peterson found the woman in Japan and brought her back to Shanghai. In addition to the suspended sentence, Mrs. De Salas was fined U.S. $200 and ordered to pay all costs of her prosecution. Furthermore, the sentence was suspended only on the provision that she immediately leave the jurisdiction of the court. In other words, she must leave China or go to jail.

## Three Million Dozens of Handkerchiefs Made in Japan for English Use

The British House of Commons, by a vote of 108 to 33 (*Havas* report from London) imposed a minimum specific duty on handkerchiefs made wholly or partly of cotton. The purpose was to protect British cotton manufacturers against cheap imports from Japan. The report stated that the number of handkershiefs, imported from Japan, which would be affected by the order, was between two and three million dozens.

### JAPAN OPENS THE DOOR A LITTLE

*South Wales Echo, Cardiff*

### GOOD NEIGHBORS?

*Fitzpatrick in the St. Louis Post Dispatch.*

### JAPANESE SINBAD AND OLD MAN OF THE SEA

*Glasgow (Scotland) Record*

# Who Captured Taierchwang?

TO followers of war news this week, it was a toss-up as to who was victorious on the Lunghai, Pinghai, Tientsin-Pukow Railways' fronts, who was defeated in the Shantung, Shansi and Kwangteh sectors. While General Chen Chen, garrison commander of the Wuhan cities, told correspondents at Hankow that Chinese armies had been successful in all these areas, *Domei* reported April 4 that Taierchwang, in Shantung and on the Tsinpu Railway, had been reduced to ashes, that Hsuchow is now menaced, and that 50,000 Chinese troops were retreating from southwestern Shansi across the Yellow River into Shensi. Furthermore, Japanese claimed to have routed Chinese troops from the Taliushen area in south Anhwei.

Lending weight to the Japanese assertion that Taierchwang had been occupied by the Japanese, was the *Domei* dispatch reporting that Chinese planes on the afternoon of April 4 bombed the city but succeeded only in damaging Chinese positions nearby. Severe fighting, however, was reported to be still raging near the city. At the same time, Japanese reports said that 10 Chinese military planes, found grounded by Nippon's Naval air raiders at two airdromes in Honan Province, were bombed and destroyed.

### A DOUBTFUL WAR PLAN!

*The Weltam Sonntag, Munich*

**Based on the old theory of letting the Japanese in and then destroying them at leisure.**

#### Divisions Menaced

While Japanese successes are claimed to have been made a day previous to General Chen's reports of victories, the Chinese army leader declared that the Nipponese drives in Shansi, Shantung and Kwangteh had all been frustrated, and that the biggest Japanese failure had occurred in Shantung where the Itagaki and Isogai Divisions were facing complete annihilation.

The Chinese forces, he went on, had cut the Tientsin-Pukow Railway at Chiehho and Lianghsiatien and were pushing south along the Railway. The Chinese troops, which had crossed the Grand Canal, were pushing north to attack the encircled Japanese forces between Lincheng and Hanchwang, he said. The Japanese line between Yihhsien and Taierhchwang, he said, had been broken through the by Chinese forces, thus splitting the Japanese troops into two groups, one of which was now surrounded in the vicinity of Taierhchwang.

The Japanese forces at Lingyi had from March 31 retired in two directions, one heading north towards Chuhsien and the other going to the southwest towards Hsianchen. When the Japanese forces stationed in west Shantung had been transferred to Lincheng for an assault down the Railway. General Chen pointed out, the Chinese forces in west Shantung moved up and crossed Chiehho, cutting the Railway at Tsouhsien and Tawenkou.

On the morning of April 4 he said, a telephone message from Hsuchowfu stated that severe fighting was in progress north of Taierhchwang, and the Chinese command was expected to clear the outskirts of the town of Japanese troops late that night. A report from General Tang En-po from Taierchwang said that the 25th Division, commanded by General Kwan Ling-cheng, had captured the headquarters of a Japanese detachment belonging to the Itagaki Division, north of Taierhchwang. The commander of the detachment had been killed in battle, the report added. Referring to the situation south of Shansi, General Chen said that the Japanese were stationing troops on the north bank of the Yellow River in order to prevent the Chinese from sending supplies and food to the troops operating in the southeast area of the province.

The Japanese, he proceeded, were sending detachments from the Tientsin-Pukow Railway to attack Chinese units in different places. They had constructed strong defenses at Fenglingtu opposite Tungkwan.

#### Chinese Cross River

Discovering a weak sector in the Japanese line in the vicinity of Pinglu and Yuanchu, opposite Chenhsien, the Chinese forces from the south bank crossed the Yellow River at that point to form a junction with their comrades in southeast Shansi. The Chinese troops had also cut communications between Tungyangkwan, on the Honan-Shansi border, and Changchi, in east Shansi, where they continued to cut the Tungpu Railway between Chaochen, Hungtun and Linfeng. The Japanese original plan, General Chen pointed out, was to clear Shansi of Chinese troops and then cross the Yellow River from west Shansi into Shensi province. Simultaneously, the Japanese forces in western Suiyuan would advance into Shensi from northeastern Shansi.

#### Suiyuan Campaign Abandoned

After the failure of the Japanese drive in Shansi, however, the Japanese Suiyuan campaign had to be abaondned, General Chen said. The battle at Kwangteh, he went on, was by far the most important engagement on the eastern front. After the Chinese occupation of the town, Chinese troops had cut the Hangchow-Nanking highway and also the highway between Hangchow and Hsuanchen, near Wuhu. The Japanese forces, he declared, had directed the main assault on Kwangteh. He maintained that the surrounded at Kwangteh" represented the original Japanese plan, but the attempt had actually failed as assault sby the various Japanese plan, but the attempt had actually failed as assaults by the various Japanese columns had been checked.

#### Chinese Retake Haiyen

At Hangchow, the Chinese troops had crossed the Chientang River, east of Hangchow, and had reoccupied Haiyen, thus establishing a base for operations and cutting the Shanghai-Hangchow Railway and highway.

The Japanese troops on the southern section of the Tientsin-Pukow Railway, General Chen concluded, had been rendered inactive as the Chinese, in the hills west of Pengpu, Chuchow and Mingkwan, had been keeping the Japanese engaged continuously.

## Japanese Would Build Hotels in Seven Leading Chinese Cities

The Japanese have opened negotiations, according to the *Life Daily News*, for the purchase of the Grand Hotel de Pekin, in Peiping, which is owned by French interests. The report stated that the price originally asked was $1,000,000 but recently was raised to $1,500,000. A further report on the same subject in the *Miyako* (Tokyo) stated that the Japanese are planning to construct modern hotels in seven Chinese cities, Peiping, Tientsin, Tsingtao, Tsinan, Shanghai, Nanking and Hangchow. They also plan to link these cities in a sight-seeing-tourist system. It was stated that the Japan Hotel Association hopes to borrow money in the United States for the scheme.

## Coastal Freight Rates Increase

Coastal freight rates increased 15 per cent April 1. An agreement between Jardine Matheson and Company and Butterfield and Swire insured uniformity of freight charges among the major foreign companies. The recent decline in exchange value of the Chinese dollar is the only reason for the increase, shipping officials said. No increase in lighterage, stevedoring, or insurance charges are contemplated in the near future. Other steamship operators said that they will be compelled to increase their freight rates in the near future also. The rates of these smaller companies are always kept slightly cheaper than those of Jardine Matheson and Butterfield and Swire.

## Chinese Romanizing Favored

The Central Executive Committee of the Kuomintang has notified all municipal and provincial governments to encourage the romanization of the Chinese language, reliable officials said this week. It marked the first official step in this matter in 20 years. For 20 years it has been argued as to whether the Chinese characters, which take a whole lifteime to learn thoroughly, should be writiten in roman letters.

## No Maneuvers for Japan

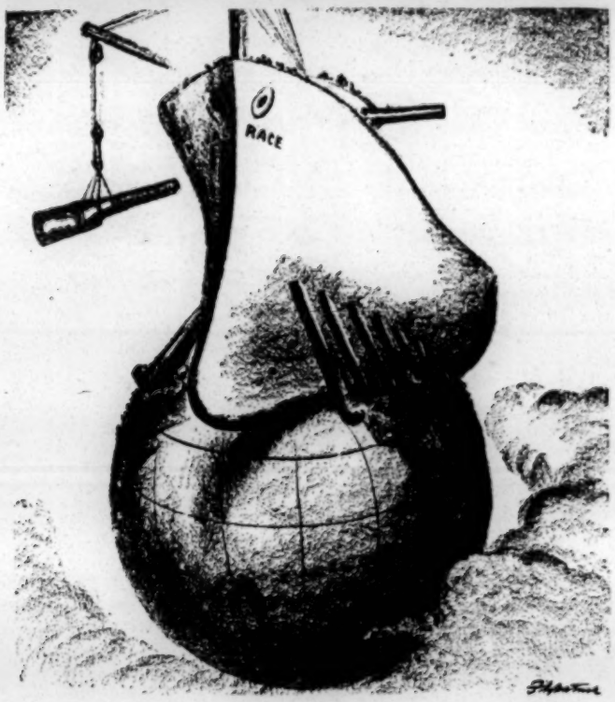
In view of the current hostilities in China, this year's annual grand Army maneuvers have been cancelled, the General Staff announced last week.

# Anglo-American Plans for Mighty Armadas Bring Curt Answer from Japanese Press

WHILE the press and official Japan expressed alarm over a "mysterious warship" seen hovering off an island in the Carolines group, Nippon mandated territory, the British and American governments this week announced the invocation of the esculator clause of the London Naval Agreement, allowing increase in naval craft tonnage and gun caliber. While Britain and America moved to build mighty armadas, France said that she does not intend to invoke the clause at present so long as no other continental or European power departs from the treaty.

As notice of the two countries' long expected action reached Tokyo, the newspaper *Asahi Shimbun* saw the possibility that Britain, France and America will approach Japan again, "though full realizing that their notes will be disregarded," in order to avoid the consequences of invoking the treaty clause. The newspaper sees

**NOAH WAS OLD-FASHIONED**




*Fitzpatrick in St. Louis Post-Dispatch*

friction expected to develop at the Three-Power Conference, "because of the varied views as to tonnages and calibers, the complex domestic politics and the delicate international relations involved." The *Asahi* adds that Japan must make it clear that the new British and American policies will affect Japan's national defense plans and make it imperative for Japan to re-examine not only her capital ship program but also her cruiser and other construction plans.

The British note only mentions an increase in tonnage—that is the construction of battleships beyond the Treaty limit of 35,000 tons—but America reserves the right to increase gun calibers beyond 16 inches. Now that the notes have been published, the next step will be consultation to decide the extent of escalation, which, in accordance with the Treaty, will be as low as the new circumstances seem to warrant.

### The British Note

The text of the British note is as follows:

"With reference to Article 25 of the Naval Treaty, signed in London on the 25th of March, 1936, I have the honor, in accordance with Paragraph 2 of that Article, to notify Your Excellency that His Majesty's Government in the United Kingdom, find it necessary to exercise the right reserved in Paragraph 1 of effecting a departure from the limitations and restrictions of the Treaty. The proposed departure relates to the upper limits of capital ships of subcategory A. The precise extent of departure will depend on the result of consultations provided for in Paragraph 3 of Article 25.

"The reasons for the above proposed departure consist in reports received by His Majesty's Government to the effect that Japan is constructing, or has authorized construction, of capital ships of a tonnage not in conformity with the limitations and restrictions of the Treaty. In view of the refusal of the Japanese Government, on being formally approached, to give assurances that these reports are ill-founded His Majesty's Government have no alternative but to regard them as being substantially correct."

### U.S. Note Similar

The United States note is in similar terms except that the proposed departure, which it notifies. extends also to "the caliber of guns which may be mounted on capital ships of subcategory A."

The French note is in the nature of an acknowledgemnt of the other two. It states that the "French Government have taken note of the reasons which have led the British and United States Governments to come to this grave decision. "Being anxious to limit, as far as possible, the extent and eventual consequences of this first derogation from the Treaty, it desires that an agreement may be reached at an early date, by all the Powers who, up to the present, have conformed as regards their construction with the limits at present in force.

"Without awaiting the opening of the consultations required for securing this result, the French Government desire to state that, in spite of the derogations to which the British and American Governments will have recourse, 'it will continue, as far as it is concerned, to maintain for its naval construction the qualitative limits fixed by the London Treaty so long as no other continental of European Power on its side departs thereform."

The delivery of these notes constitutes a recognized stage in the procedure under the Treaty in case of escalation, and the next step will be for the Governments to give effect to Paragraph 3 of Article 25 of the Treaty which reads: "The high contracting parties shall thereupon consult together and endeavor to reach an agreement with a view to reducing to a minimum the extent of the departures which may be made."

### Japan May Revise Plans

"Suitable measures" will be taken by the Japanese Navy in connection with the Naval construction problem brought about by the action of Britain and the United States, Japanese naval authorities declared. Steps should be taken by the Japanese Navy, the statement said, in view of the necessity of "maintaining stability in the Far East in the face of the impending construction of armaments so big as to be capable of threatening Far Eastern waters."

Britain hopes that Germany and Soviet Russia will refrain from exceeding the London Naval Treaty limits since her decision to invoke the Escalator Clause was dictated only by reported Japanese construction of capital ships over 35,000 tons in displacement, British naval circles declare. Britain's actions are not directed against any European Powers, they add. These naval quarters remain doubtful of Italy's attitude toward American and British action in deciding to build capital ships exceeding the limits imposed by the London Treaty. They say that Rome's Foreign Minister, Count Galeazzo Ciano had told Lord Perth, British Ambassador to Italy, that his Government was willing to adhere to the naval pact, but that possibly this stand would be abandoned after British and American escalation.

## Britain Recognizes Anchluss

Two notes in which Britain recognizes the Austro-Reich anschluss and announces her intention to install a consulate-general in vienna, were handed to German Foreign Minister Joachim von Ribbentrop this week by Mr. Neville Henderson, Great Britain's Ambassador to Berlin. In the first note, according to the German semi-official news agency, the Deutsches Nachrichten Bureau, the British Government reserve the right to communicate at a later date their views on questions risen since the anschluss and in regard to treaties and other conventions. This procedure will take place in due time. In the second note, Britain precises that she intends to establish the consulate-general in Vienna on April 15. Mr. St. Cainer, present consul-general in Munich, will be given the post of leadership in the Austrian consul house.

## Britain Paid War Damages

Claims had been presented to the Japanese Government for injury and loss of life suffered by British servicemen in China, and the Japanese Government had already paid £240,000, declared R. A. Butler, Under-Secretary of State for Foreign Affairs, in the House of Commons last week. Sir Robert Craigie, the British Ambassador in Tokyo, Butler added, had also been instructed to present claims for damage to merchant shipping during the Yangtsze incidents last December. The amount in this section was in the region of £250,000. The latest information, Butler declared, showed that 34 other claims, amounting to £7,190, had been the subject of preliminary local notification to the Japanese authorities in China.

# Where Will Mussolini's Third Campaign Be Launched?

IN a city burdened by the misfortunes of war, devastated land and hungry, homeless thousands, it is not surprising that the braggadocio and saber-rattling of European dictators, whose political platforms are predicated on sensationalism, should cause small flurry in the Shanghai press. Such was the case of the jingoistic address of Premier Benito Mussolini before Italy's Senate March 30. It brought forth only small editorial comment in the *North-China Daily News*.

Said Mussolini: "This new appointment increases my responsibility for a third great and victorious campaign of the Empire, in which I shall lead you."

This statement, while not officially confirmed, was made in direct reference to a remark previously made in which he declared, "I will personally assume the supreme command of Italy's land, naval and air forces in case of war." Mussolini, on the previous day, had been elevated to Marshal of the Empire.

Exactly what does the Il Duce mean when he tells his nation, whipped into a war spirit by his bombastic oratory, that 8,000,000 men could be rapidly mobilized upon the start of hostilities; that 4,000,000 would be prepared for first line duty; that Italy's land borders could be instantly sealed to the enemy; that the country could support for a long time either a defensive or offensive campaign?

Does Mussolini foresee failure of the Anglo-Italian negotiations; that if an accord is concluded, it will deal only with minor points and will not prove a solution to the Mediterranean problem—a sore point which nearly a year ago brought England and Italy almost to the brink of war? Already the Italian government has yielded in several points to British views, and Mussolini may assume, when the pact is concluded, it will be a worthless document. These are the vital points of interest alleged to be in the document:

Rome is accepting the recognition of Ethiopia by Britain, to take place through the League of Nations, whose Council meets on May 9 Semi-official circles also state that Italy has made other important concessions to Britain. Rome has accepted to include in the agreement pledges of a complete evacuation of their legionaires from Spain after the present civil war is over, they say, and will give assurances with regard to Italian propaganda in British territory or countries friendly to Great Britain.

Italy's military forces in Libya will be reduced by 50 per cent as soon as the agreement is concluded, the well-informed sources add.. However, before signatures are appended to the accord, a general declaration outlining the respective interests of both countries in the Mediterranean will be made. This declaration, reports claim, will take into account the "vital" character of Italian interests in that region.

### France is Skeptical

Paris is skeptical over the value of any accord and believes it will be no contribution toward easing the Mediterranean tension. The main problems dealing with Libya, Palestine and Spain will not be tackled, French sources say. In connection with the last-named, politicians are expressing concern over the recent turn in the military operations in Spain since Insurgent forces, including many foreign volunteers, are rapidly advancing close to the French borders. Lerida, focus of the hostilities is only 90 miles from the southern boundary of France, it is pointed out.

Concluding, the same circles declare that no reply has as yet been made known by Italy to Lord Perth's queries as regards assurances that no Italian volunteers would come too close to the French borders. At the time Lord Perth, who is negotiating for Great Britain, with Italian Foreign Minister Count Ciano, made his query, it was reported, however, that Italy would agree in order to avoid international incidents.

The *North-China Daily News* had this to say:

"It is not easy to discover from what has happened in the past exactly what Signor Mussolini has in mind. That such a statement should be made while endeavors are being made to improve Anglo-Italian relationships makes it impossible to believe that he is contemplating action in the Mediterranean inimical to Great Britain, though if this ultimately proves to be the case, then Anthony Eden's foreign policy will be vindicated by the event, and Chamberlain's will have proved to be wrong. On the other hand practically any other action he may contemplate in Europe would carry with it the danger of widespread war. It is quite possible that Il Duce was speaking for home consumption, for there are rulers in Europe who find a little sabre-rattling of no small assistance in dealing with internal matters. That the statement, if confirmed officially, will have a disturbing effect in the capitals of other states seems to be inevitable. His description of the condition of Italian armaments makes interesting reading, though it will probably be a matter for satisfaction in other countries, against whom Signor Mussolini may ultimately decide to lead his nation, that they also are by no means in a state of unpreparedness."

Does Mussolini plan to attempt to crush Great Britain as an answer to the problem? Or is he, encouraged by Hitler's successful and "bloodless" annexation of Austria, plan on expansion in European states, swallowing some of the lesser nations before Germany has a chance to sow the seeds of Nazism throughout Central Europe and thus become a menace to Mussolini, himself? Perhaps, rightly so, at this writing, Il Duce's remarks remain vague. The salient points in his speech are:

While Italy, Mussolini said, had now 44,000,000 people, in 19 years she would have 50,000,000 in the mother country alone. There was a great round of applause when Il Duce said that many men were needed to form big battalions. He added that the dispatch of two army corps to Libya and the drain on the army in Spain had not weakened Italy.

"We are preparing men and means for war and a quick decision," Il Duce declared. "There can never be too many guns in proportion to infantry. The gun has always been called the queen of the battle." Continuing, he said that Italy had solved the question of unity of command. Her policy, both strategical and political, was in the hands of the head of the Government. Italy had the duty, even more than the right, to possess a worthy navy. By 1941 she would have eight battleships, four of which would be new. The navy had given proof of its value during the last few years and its contribution to the Abyssinian campaign was an essential one. In the next war Italian warships would not remain in the harbor.

### Italian Bases Modern

All the Italian naval bases, he said, had been brought up to date with the latest devices in engineering. "We have reserve fuel in Italy for a long period," he pointed out. The naval spirit in the imperial sense of the world had been born among the Italian people. The Italian air force was composed of several thousands of airplanes, many of which were of the most modern type, the Premier asserted. He said that 48,000 workers in many factories were building airplanes and airplanes engines. "Our engineers are trying to invent a bombing plane, which can be equally effective by day and by night. We hope to attain complete self-sufficiency in aircraft construction."

Mussolini told the Senate that Italy had now the possibility of from 20,000 to 30,000 pilots. Italian airmen, he said, both officers and non-commissioned officers, had now become legendary for their professional skill and their contempt of danger was unmatched in the world. Hundreds of them now had experience in two wars. All ground organization, he proceeded, was ready and many air ports, landing grounds and an unspecified number of hidden landing grounds had been prepared as well as depots for fuel and explosives of the most destructive power.

In conclusion, Il Duce said:

"Napoleon once said that 'these Italians will one day be the first soldiers of the world.' We want that Napoleonic prophesy to be transmuted into the Fascist and Roman reality of our time."

### "NO DOZING IN THIS BED"

*Low in N. Y. Times Magazine*

**An English view of the Rome-Berlin-Tokyo Alliance**

## Japanese Control Radio Here

An office has been organized by the Japanese in the Hardoon Building on Nanking Road to take charge of the radio broadcasts in Shanghai. The International Radio Station which was taken over by the Japanese some time ago, will be managed and operated by the Ministry of Communications of the "Reformed Government."

# The Profiteer Begins Business in Shanghai

SHANGHAI, in the past two weeks, began to receive a rather bitter dose of war profiteering. Such was to be expected, for where goes war, profiteering is sure to follow. The amazing point is that Shanghai had so long remained immune from this type of racketeering.

In some cases, it must be admitted, legitimate reasons are in evidence for the higher costs of foods and other necessary commodities. In most instances, it appears to be pure and simple gouging. The favorite alibi for boosting prices was the decreased value of the Chinese dollar against foreign currency.

Shanghai shoppers on Saturday were greeted by local compradores and other establishments with revised price lists. Prices of tinned goods, household medical supplies and other items were increased from 10 per cent to 30 per cent. There was no doubt in the Shanghailander's mind that merchants were taking unfair advantage of patrons. The majority of shops, obviously, were still drawing on old stocks.

Motorists also found that the price of gasoline has increased 15 cents per gallon.

What amazed many a Shanghai resident were notifications that house and apartment rents will be boosted "in event of the exchange value of the Chinese National Currency Dollar continuing to be below the original parity." One indignant renter expressed his feelings in a letter, signed "P. B. Salary," to the *North-China Daily News*. The letter follows:

"SIR,—I have today received the following letter from amy landlords:

Dear Sir/Madam,

> Notice is hereby given that as from the 1st May, 1938, in the events of the exchange value of the Chinese National Currency Dollar continuing to be below the original parity with Sterling and the U.S. Dollar (i.e., 1/2¼ and 29½ respectively), as fixed by the National Government of China, when establishing the present Currency, the Landlords reserve the right of adjusting, at the commencement of each month and in respect of such month, without prior notice, the Dollar amount of your rental, in proportion to the depreciation from the aboye-mentioned parity.

"I have been in Shanghai for about 19 years and have always paid rent in the standard currency of the country although the exchange has varied from over nine shillings to the tael to one shilling to the dollar, and have never heard of the Sterling or U.S. Dollar exchange directly affecting rents, the dominant factor usually being supply and demand. This new idea certainly opens up a cheerful vista to the salaried man, making it impossible for him to know in advance what his monthly expenses will be. Take, for example, a man paying a rent of $100 at exchange 1/2¼—this equals £5.18.9. With exchange at 1*s*- he would presumably have to pay $118.75; at ten-pence, $142.50; at six-pence, $237.50; while in an extreme case, should exchange drop to one penny (and other currencies have fallen as much and more), he would be faced with a rental of $1,425 for the original $100 house. Incidentally, my landlords notified me of a 12½ per cent. increase in my rent a few days ago, so I suppose the charge will be made on the basis of the increased rent.

"The salaried man is undoubtedly carrying a very heavy burden in consequence of the recent trouble, and at best having to carry on the same salary as before—though many have had to endure cuts—and is in addition faced with increases in the cost of living, more or less cheerfully simply because he could control his gas, taxes, licences, and even amusements, all of which he has borne expenditure to a large extent to meet the altered conditions. But if he is going to wake up one first of the month and find his rent possibly doubled, it is getting a bit too thick, in fact one is almost inclined to endorse Hitler's non-Aryan policy. I don't know whether this method of charging rent is legal or not, but if it is, why not apply it to salaries and save us from worrying about ours."

### Exchange Remains Firm

In Shanghai, the exchange situation showed no improvement over last week, Chinese dollar quotations against U.S. dollars and pounds sterling remaining the same. Disappointing to Shanghai bankers was the allotment by the government for foreign exchange purposes, the amount being well below the total applied for and slightly less than the previous week. It was estimated that the allotments ranged between £420,000 while the applications were thought to be in the neighborhood of £1,600,000.

Explaining the operations of the new foreign exchange regulations, a spokesman of the Ministry of Finance said March 31 that it was the policy of the Central Bank to determine allotments in the light of past experience and current conditions based on the amounts needed for legitimate requirements over and above the cover available in the market. "It is likely," the spokesman asserted, "that a forwarding office will shortly be established at Shanghai, and means to facilitate the operation of the new system are under consideration." Questioned regarding the amounts allotted, the spokesman stated that the Central Bank was making generous allotments. The first two weekly allotments for Shanghai, he declared, "totalled materially more than the excess of imports over exports at Shanghai in the first two months of this year."

In commenting on China's foreign exchange policy, the *Financial News*, London, said on April 4:

No doubt the Chinese Government's decision to supply foreign exchange requirements only at Hankow and Hongkong amounts to a rather off-hand treatment of Shanghai, but it is asking a lot to expect an administration, fighting with its back to the wall, to consider the wishes of foreign interests in the center of enemy territory. A solution to the problem, the Financial News says, surely lies in a resumption of close collaboration between banks and the Chinese Government at Hankow.

The Chinese Government, the journal adds, has made a serious mistake in alienating foreign banks, and the intimation of an early opening of an exchange clearing office in Shanghai is welcome evidence that it is anxious to make amends.

### Chungking Business Suffers

The complete cessation of motor transport is likely to occur in Chungking in the near future as a result of the Chinese Government's new exchange regulations, which are forcing foreign oil companies to cease sales owing to lack of foreign exchange, *Reuters* reports. Shortly after the announcement of the regulations, the Texas Oil Company and the Standard Vacuum Oil Company practically ceased operations on a large scale, while later the Asiatic Petroleum Company joined the others in declining to deliver stocks unless cover was provided. Conferences are at present going on to find a way out of the difficulty, but hitherto no solution has been discovered. The combined stocks of the foreign oil companies in Chungking are sufficient for at least several months.

Representatives of other foreign concerns are doing business under considerable difficulties on a foreign exchange basis, deposits being credited at the exchange rate when a deal is concluded. The only firms not affected so far are the shipping companies. Both Messrs. Butterfield and Swire and Messrs. Jardine Matheson and Company have not curtailed their activities.

### Three Steps Rumored in Peiping

Chinese banking circles in Peiping on April 1 were greatly excited by a semi-official Japanese report that the Provisional Government, through the Federal Reserve Banks, would take "immediate steps to settle the financial confusion in North China." The reports appeared in all Chinese newspapers but not in English publications. The "steps" indicated in the report included:

Firstly, the Federal Reserve Bank will accumulate large quantities of notes issued by the Bank of China and the Bank of Communications. These notes will be presented to the issuing banks for redemption in silver from their North China silver reserves. After the silver is delivered to the Federal Reserve Bank, the notes of the issuing banks would then be destroyed and notes of the Federal Reserve Bank of the same face value would be handed to the Bank of China and the Bank of Communications.

Secondly, if the silver reserves of the issuing banks were inadequate to redeem the notes, foreign exchange held by the two banks would be accepted as substitute.

Thirdly, if this is still insufficient, the banks' property would be acceptable as security for the remainder which would then be regarded as "loans to the Bank of China.

### Surrender of Silver in Canton

In order to absorb the $250,000,000 worth of Canton currency of silver in the Kwangtung province, the provincial and city authorities here are reported launching a gigantic campaign to invite the people's co-operation in surrendering their silver holding to the Government. Since the introduction of the currency control on November 7, 1935, up to the end of last year, the total amount of silver purchased from the people by the government banks was worth 187,000,000,; and gold 7,000,000 Canton dollars. But according to a report from the local mint, the total amount of silver 20 cent pieces coined amounted to 389,928,946 Canton Dollars (which are figured on the basis of 5 20-cent-pieces to the dollar). This did not include the silver coins minted in the Ching Dynasty, which, however, because of their greater silver contents, have mostly been exported of late. Regardless of the heavy export as result of the American Government purchasing of silver and before the introduction of remedial measures by China, it is roughly estimated that there should be at least 250,000,000 Canton Dollars worth of white metal in the Kwangtung province.

## Japan's State Power Control

Preparatory measures were decided upon March 29 by the Ministry of Communications in Tokyo for the enforcement of the new law providing for state control of the electric power industry. The first step will be the creation of a "preparatory bureau" which will be staffed by officials and technical experts recruited from Government departments. Technical advisers will be added from quarters outside the Government also. Personnel of the bureau will be announced about the middle of April. A committee will be appointed to prepare for the organization of the Japan Electric Power Generation and Transmission Company.

# Hostilities Fail to Halt Progress of Local Firms

Despite last year's hostilities and the economic hardship which followed in its wake, Shanghai industrial and utility companies, as a whole, reported favorable financial conditions for 1937 and held optimistic hopes for the future. In the past two or three weeks, a number of such companies have held their annual general meetings, at which time in numerous instances, dividends were declared.

The Kapayang Rubber Estates Co., Ltd., British, reported a profit of St.$38,057.65 as compared with St. $34,907.64. The company declared a final dividend of 50 dollar cents per share, making $1.50 per share for the year.

The Semambu Rubber Estates, Ltd., British, showed a profit of $113,275.57 in contrast to the figure of $42,218.56 for 1936. A final dividend of of three Chinese dollar cents per share was authorized, making a total of nine cents per share for 1937.

Ewo Cotton Mills, British, have set aside $100,699 for dividend payments on preference shares at the rate of eight per cent per annum, and $1,675,730 for payment of dividends on 1,196,950 ordinary shares.

A steady increase in the normal business of the Shanghai Tug & Lighter Company, British, was maintained throughout the third quarter of last year, while in the last quarter an appreciable increase in earnings took place. The company authorized the appropriation of $376,718.48 for dividend payments of seven per cent on 10,000 preference shares, and a dividend of $9 per share on 26,000 ordinray shares.

Messrs. G. E. Marden & Co., Ltd., British, will share with stockholders $280,307.41 in a dividend payment of $2 per share.

### Tsingtao Losses Heavy

One of the heaviest sufferers from the Sino-Japanese conflict was the Shanghai Cotton Manufacturing Co., Ltd., whose losses at Shanghai and Tsingtao were about $1,600,000 and $12,000,000. The company, a Japanese concern, has petitioned the Japanese Government for compensation for damages sustained at Tsingtao when Chinese troops left wide industrial devastation at the time they retreated. Because of its tremendous property losses, the company deferred presenting its statement of accounts until a more accurate survey of damage can be made.

The Culty Dairy Co., Ltd., British, reported a satisfactory financial condition for the past year, noting that their bank overdraft position had materially improved, showing a reduction of $73,000 under the 1936 figures.

The Shanghai Waterworks Fittings Co., Ltd., British, told shareholders that, while reverses suffered are directly attributed to the Shanghai war, the company's position is fundementally sound. The net loss for the year was $34,999.08. To this loss, $23,627.68 was added, being the balance of the loss brought forward from 1936. The company total debit balance now stands at $58,626.76.

A net profit of $141,860.69 for 1937 operations was reported by the China General Omnibus Company, Ltd., British. The Company was crippled by the outbreak of hostilities, the areas north of Soochow Creek being closed for a considerable period. At the present time, conditions have not yet returned to normal.

### Dividend By Waterworks

The Shanghai Waterworks Co., Ltd., British, at their general held meeting April 5 recommended on Intra-Agreement Consumers' Account for the half year ended December 31, 1937, a dividend of 3½ per cent. on 7 per cent. Cumulative Redeemable Preference Shares and 3½ per cent. on 6½ per cent. Cumulative Redeemable Preference Shares and for the year 1937 a final dividend of 5½ per cent. (or 21/- per share) on "A" shares, 3½ per cent. (or 7.8d. per share) on "B" shares and 4½ per cent. (or 10.2d. per share on "C" shares. No distribution were recommended in respect of Extra-Agreement and Shipping Consumers' account. Dividends on "A," "B" and "C" shares covered by Shanghai certifictes will be paid by sterling warrants payable in Chinese Standard Dollars at the Hongkong & Shanghai Banking Corporation (Shanghai's) buying rate for demand drafts on London.

### Refund By Tramways

Residents of the French Concession are in for a pleasant surprise. Errors in the compiling of accounts for electricity during the years since 1928, as a result of which large sums are now being refunded to consumers by the Cie. Francaise de Tramways et d'Eclairage Electriques de Changhai, are stressed by M. Paul Premet, French lawyer practicing in Shanghai, as being but one of the several grounds calling for closer co-operation and co-ordination among consumers.

A pamphlet is now being sent out to all subscribers by M. Premet in which he discusses the current rates, points to""a gross error in calculation and the correction," and then puts forward his suggestion which he feels sure will protect subscribers in the future. According to the pamphlet, discovery of the error in the compiling of the accounts was made in June last year, when M. Premet's attention was drawn to what seemed to be an irregularity in the method used by the French light and power company in computing the monthly bills to be sent to consumers. He examined several bills and came to the conclusion that "reductions to consumers based on the quantity of current used, placed into effect by an agreement signed by the French Municipal Council with the Compagnie Franciase de Tramways on December 29, 1927, were wrongly calculated.

"Under the terms of this agreement, M. Premet continues, "a sliding scale of charges was put into effect. For instance, if a consumer used more than 400 Kwh during a month there was to be a slight reduction in the size of his bill. If he used 800 Kwh, the reduction became larger. In the case of large concerns using 6,000 or 8,000 Kwh the reductions would be important items.".

### Liza Building Opened

Another milestone in Shanghai's progress was laid when the Liza Building, British, corner of Nanking and Szechuen roads, opened last month. Everything that modern architects have at their disposal in the matter of building, went into the erection of the new offices with the result that the Liza Building can claim to be one of the most modern ones is Shanghai. There are two entrance to the offices. Facing Nanking Road imposing swing doors give entrance to the ground and mezzanine floors where the Chase Bank have made their new headquarters. The business of the local branch has expanded so much that their quarters at Kiukiang and Szechuen Roads have proved inadequate. When the plans of the building were first broached arrangements were made to combine a bank on the lower floors and to provide suitable space for vaults and safety deposit boxes.

The cost of the Liza Building has been estimated at $2,340,000 for both the land and the construction. When Mrs. Hardoon bought the property she had to buy the old Hall & Holtz building as well, paying $1,100,000 in all. The old building had to be torn down of course and the sum of $20,000 was paid for the property The policy of the Shanghai Municipal Council of widening the roads whenever there is an opportunity forced the sale of part of the land for $190,000. Together with the original cost of the land, $1,110,000. and the cost of construction, $1,450,000 one reaches the total figure of $2,550,000. But deducting the amount paid for property and the Municipal Council, in all $210,000 the total actual cost of the Liza Building can be figured at $2,340,000.

This is an approximate figure as the entire cost cannot be computed exactly until another several months have passed. However, the final estimate will not vary from the sum mentioned by more than a few thousands.

The Shanghai Power Company, American, weathered the 1937 war much better than many expected. Its own optimism for Shanghai's future, although the company's losses amounted to Sh. $826,000, is expressed in their annual report. The company's report notes :....."it must be recognized that industrial development and investment within the city has been sound and substantial, as evidenced by the fact that the present connected load upon our system today, despite the destruction due to the 1937 incident, exceeds that of 1932. Both Chinese and Japanese mills, as well as others, have retained their staffs and in general have maintained their equipment ready for prompt resumption of operations."

During the year, the power company paid dividends on Silver Preferred Stock amounting to $1,846,195.04, and $981,-651.98 on U.S.$7 Seeond Preferred Stock. Earned surplus at the end of 1937 was $10,957,877.46.

The Ziangbe Rubber Co., Ltd., British, reported that the combined working account of the two Java companies showed a profit for 1937 of f.313,069.29, towards which the Bandoe Ardjo Estate contributed f.230,709.70 and Kali Minggir Estate f.80,322.49 and Pasawahan Estate f.2,037.10. The company declared a final dividend of 90 dollar cents per share, making a total of $1.50 per share for the year.

The Java Consolidated Rubber and Coffee Estates, Ltd., British, authorized a dividend of nine dollar cents per share after reporting a profit of f. 192,529-65.

## Manchukuo—N. China Railway

Another link between Manchuria and North China was forged April 1, with the opening of the 137-kilometer railway connecting Tungchow, north of Peiping, with Jehol City. The first train left here at 6.35 o'clock in the morning, arriving in Jehol City at 7.50 o'clock that night. The one-train-daily schedule will be maintained for the time being. Completed in the record time of seven months, the railway passes through the famous Kupeikow Pass in the Great Wall and runs through the mountain area in Jehol. The line was built and is now being managed by the South Manchuria Railway Company.

## Tokyo "Revolution" April Fool Joke

Characterizing it as "the biggest April Fool joke so far," Japanese official circles in Tokyo on April 1 ridiculed London dispatches alleging that a revolution had started in Tokyo. The rumor, which is believed to have originated in Hongkong, spread to Singapore, thence to London. The Japanese capital was quiet on that day, with its teeming millions enjoying a Bright Spring day, *Domei* reports.

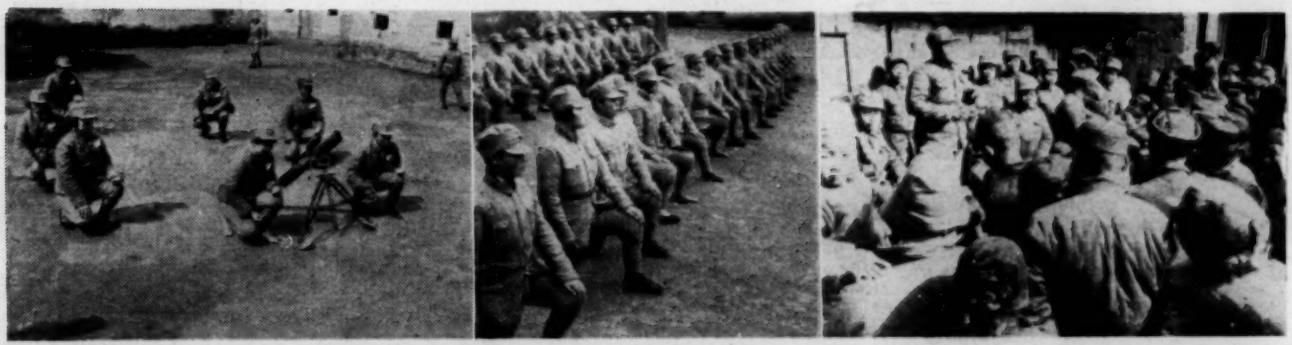
# Five Thousand Boys and Girls Enroll in "Resistence" Universities in Honan

THE pictures shown herewith, first to be printed anywhere, show some of the 5000 and more youths of both sexes who have enrolled in the youths military training camp, temporarily located a Huang-Chiu, Honan province. There also is one picture showing some of the hundreds of volunteer war nurses who are being trained in Szechuen province—trained to use modern army rifles as well as to perform the services required at base hospitals.

The National "Resistence" University, nominally headed by Gen. Yen Hsi-shan of Shansi, has courses in military training with emphasis on guerilla warfare, revolutionary political courses, active field work including propaganda activities among the farmers and villagers. The course requires three months and after graduation the students are assigned to serve as members of the political training corps attached to the Chinese armies.

In Chungking, Szechuen province, on March 18, there was graduated the first class of volunteer war norses who also were given training in the use of the modern army rifle. Training in hospital service includes hospital and ambulance attendance. According to recently enacted legislation all women students in middle schools and colleges in Szechuen must take military training along with the men. Similar training in Kwangsi province, which has been in progress for sometime, is said to have prepared some 2,000,000 women for war service.

*Left*—**Officers saluted by guard at the main gate of the camp.** *Center*—**One of the classes in political training.** *Right*—**Students being taught the use of rifles and machine-guns.**



*Left*—**Girl students also taught the use of the machine-gun and army rifle.** *Center*—**Girl students receive regular setting-up exercises along with the male students.** *Right*—**The Professor of Propaganda explains to the students and also local farmers and villagers, how the Japanese are invading China and what measures must be adopted to meet the menace.**

*Left*—**The courses in the "Resistance" University also include patriotic songs, composed of simple characters, which are taught to the Chinese peasants.** *Center*—**Courses in propaganda also include the preparation and distribution of circulars, posters, public letters and similar approved means of influencing the people.** *Right*—**Chinese girl student applying her knowledge by handing out a hand-bill dealing with Japanese aggression, to a village woman. This particular hand-bill referred to the observance of Women's Day.**

# Szechuen—the Land of Opportunity for Young China

BY C. Y. W. MENG 孟昭彝

HISTORICALLY known as "Heavenly Residence," Szechuen, one of the largest provinces in China, having 218,533 square miles of territory—larger than most of the European countries—with a population of 70,000,000 people (including the people of Sikong), is now undergoing intensive reconstruction, and is gradually becoming the political and industrial center as well as the center of communications between the north, south, north-west, south-west and other parts of the country!

Like other provinces, Szechuen is rich in mineral resources, such as coal, iron, copper, oil, etc. But unfortunately, the Chinese tardy in making necessary investigations and geological survey of the province. In 1866, Von Richthefen, a German, was the first foreigner to make a survey of the mineral resources of the province. In 1869, George, British, made another survey. In 1877-80, came Von Locyy's survey. In 1893, Obrutchoff, a Russian, made another survey of Szechuen. In 1903 came the Willis and Black Wollf (Americans) survey which covered also part of the Yangtze Valley. In 1911-16, another survey was made by the Japanese.

The investigation and geological survey of the province by the Chinese themselves did not begin until the 18th Year (1929) of the republic when two Chinese geologists—Chao An-ching and Hwang Chi-ching—made a survey of the province up to the Yunnan border. In the same year, the Geological Survey of the Provinces of Kwangtung and Kwangsi despatched an investigation mission headed by Hein (suppose to be a German) and Chang Minshao (a Chinese geologist) to Szechuen. In 1930, the Geological Survey in Peiping sent another investigation mission to the province. In 1931, the province was again visited by another Chinese geologist. In 1933, came the the investigation mission of the National Geological Survey (supposed to be under the National Research Institute. In other words, the "Heavenly Residence," though famous in the Chinese history, was relegated to the background by the Chinese in the past. Only until the recent years has the nation realized the importance of the province and has taken steps towards its rejuvenation and reconstruction.

**Although the light is poor and the school rooms are congested, the students work at their lessons in the National "Resistance" University.**

### Exploitation of Mineral Resources

However, my inquiry reveals that during the latest two years, Szechuen has taken vigorous steps in the exploitation of its mineral resources. Sometime in May, 1936, a "Geological Survey and Mineral Resources Investigation Committee" was organized by the Provincial Government, which consisted of many experts from the Metallurgical Engineering Department and the Geological Research of the Western China University (in Chengtu). After investigations, plans of exploitation were also decided. Coal reserves in some places, estimated at 5,173,746,750 metric tons, iron reserve of 60,000,000 metric tons, and copper reserve of 2,000,000 metric tons, will be first to be exploited.

The plans also include the following: First: One large-scale metallurgical works will be establish to collect and re-melt the scrap iron and copper to supply the needs of the arsenals. Secondly, along the mining districts, mining plants will be established to supply raw materials for metallurgical purposes. Thirdly, the investigation of other mines will be continued. Fourthly, the geological survey of other places will also be continued. The Reconstruction Bureau of the Provincial Government (Director: Lo Tso-fu) was further reported to have worked out "elaborate plans" for the development of the mineral resources in the province. The service of one German technical expert on iron and steel manufacture and liquafaction of coal was engaged. One Chinese oversea merchant, Hu Yen-shiu, was also reported to have put up a capital of $5,000,000 to organize a company for the exploitation of the gold and silver mines in the province. In his petition, he demands an mining area of 20,000 mow for his exploitation!

### Three Year Plan of Reconstruction

The following is an abridged translation of the "Three-Year Plan of Reconstruction" of the "Heavenly Residence," as worked out by the Provincial Reconstruction Planning and Drafting Committee:

1. Active participation towards the completion of "national defence reconstruction," as worked out by the Central Government, by reorganizing the provincial armies; training of the able-bodied youths so as to increase the man-power for war time mobilization; and training of the masses so as to improve the spirit of the people.
2. Reorganization of the provincial and local *Paoantsiu* (peace preservation corps) and enforcing more rigid census investigations "to clear the province from bandits and robbers with indefinite time!"
3. Rigid prohibition of opium and other forms of smoking, and promotion of social and public hygience.
4. Improvement of finances in the province by reforming the tax-collection system now in use thoroughout the province and by making the auditing system entirely "independent."
5. Enforcement of the budgetary system for the promotion of agriculture, forestry, mining, heavy and handicraft industries, and to increase the production of native products, and "to invest the foundation funds in the productive industries by the provincial government!"
6. Development of the means of the communications in the province.
7. Readjustment of the provincial currency.
8. Reform of the educational system "to meet the needs during the present period of reconstruction" by generalizing the mass and free education, and by improving the middle and higher school education, and by offering more scholarships for advance scientific studies.
9. Sending of disbanded soldiers and the unemployed to the frontiers for reclamation purposes.
10. Prevention of the natural calamities by taking more vigorous measures in the development of water conservancy and the establishment of grain depots thoroughout the province.

There is another "Three-Year Plan for the reclamation of the Szechuen frontiers." During the first year," 12 districts are designated as the "first district" to be reclamed. As a whole, the plan aims at the cultivation of 100,000 mow of land for 2,000 families in the north-west of the province; 150,000 of land for 3,000 families in north-east, and 500,000 of land for 12,000 families in north-west.

Besides these, there is another "Three-Year Plan for Agricultural Development," and another "Five-Year Plan for Industrial Development," etc.

### The Six-Province Highway

The general theory that the "Heavenly Residence" being mountainous places hardly accessible and scarcely ever heard in the outside world, and generally considered as a "hermit province," is longer true today. Today, by the completion of the net-like highway, the "Heavenly Residence" is the center of the communi cations in the country. The following is a brief description of the famous "Six-Province Highway."

**Volunteer nurses at the Chungking Training School, who also have been taught the use of the army rifle. This is part of a parade of graduates in Chungking, Szechuen, where all women students in middle schools and colleges are now required to take military training along with the male students.**

Szechuen-Shansi Highway: Length: 413 kilometers: completed and opened to traffic on May 16, 1937.

Szechuen-Kweichow Highway: Length: 620 kilometers; completed and opened to traffic in June, 1936.

Szechuen-Hunnan Highway: Length: 693 kilometers, completed and opened to traffic in May, 1937.

Szechuen-Hupeh (to Hankow) Highway: length: 750 kilometers, completedly recently.

Szechuen-Sikong Highway: Length: 245.5 kilometers. Owing to the fact that troops who took active part in the road construction are now being sent to other places, only 42.5 kilometers of the highway has been completed.

Szechuen-Yunnan Highway: Length 279 kilometers: completed and opened to traffic last year.

One of the most striking things which impresses me, is that this famous "Six-Province Highway" is largely built by the provincial soldiers and the famine refugees through the co-operation of the International Famine Relief Society. Through the "relief through work" policy, many refugees have been saved from virtual starvation. Another gigantic and significant project which is now under planning, is the construction of the Szechuen-Yunnan Railway. According to the latest information at hand, the total borne by the Central Government and the other half by the provincial governments of Szechuen and Yunnan, (that is: $25,000,000 each). A sum of $10,000,000 has already been remitted by the Central Government, and $5,000,000 by the provincia lgovernments, so that "consrtuction could begin earlier than scheduled."

This railway, when completed, is surely of the greatest importance both to the Chinese trade and military strategy. This railway starts from the very center of China and leads to an open foreign sea port (Haiphong) through the service of the Yunnan-Haiphong Railway. Due to the blockade, as now enforced by the Japan, China's only outlet is through Hongkong and Haiphong. But the latter is better than the former.

**Chengtu-Chungking Railway**

Another important railway which is now under construction is the Chengtu-Chungking Railway. This railway is a joint enterprise between the government and merchants. A Szechuen-Kweichow Railway Corporation was formed sometime ago. The total cost of the construction of this line is put at $70,000,000, of which the government subscribed 20%, merchants another 20%, the Szechuen provincial government $1,500,000, and the Szechuen Merchants $1,000,000. The rest is being taken up by the Ministry of Railways and the Finance Development Corporation (in Shanghai). Through the latter, a loan of 34,000,000 francs was concluded with Banque industrielle Franco-chinoise. The first section (three sections altogether) of the line is now under construction. There are two labor shifts—day and night to speed up completion of the work.

**Some Personal Observations and Impressions**

Szechuen's three famous and principal products are tea, native medicines and tobacco leaves. My study reveals that in the last year, Szechuen produced about 580,000 tons of tobacco leaves, valued at $10,000,000. But of these 580,000 tons of tobacco, 340,000 were consumed by the Szechuenese. I consider the present unlimited cultivation of tobacco in the province and the prevalence of opium and tobacco smoking as a curse to the province and a "dark spot" in the history of any of our provincial administrations. Therefore, I hope that a far more rigid anti-opium, tobacco smoking policy will be enforced.

To me, it appears that more attention should be given to cultivation and improvement of Szechuen oranges and tung oil (wood oil), the latter being one of China's principal exports to America and Europe. The fact that Szechuen oranges have never appeared in such ports as Shanghai should be serious enough to remind Chinese that there must be something wrong with the Chinese system of production and istribution. Here is a problem which would give food for thought to Chinese merchants and officials entrusted with the duty of development and promotion of native goods.

Also, the moral standing of the people should be raised in Szechuen. Prostitution should be strictly prohibited or strictly regulated. Today, there are too many "tea shops" where people spend their time in idle gossip. They should be far better organized and their time and labor better utilized. In other words, Szechuen wants and needs able and energetic administrators to bring about the total reform and rejuvenation of the province and make it a "Heavenly Residence" of the past as well as of the present.

## Harry Smith Dies at Chungking

Harry G. Smith, an American from Wisconsin and one of the best-known air pilots in China, died in the Syracusan Hospital at Chungking April 5, of typhus fever. Smith, at one time personal pilot for General Chiang Kai-shek, T. V. Soong and General Chang Hsueh-liang, has, for the past six months, been flying Douglas air liners on the Chungking-Hankow route for the China National Aviation Corporation. A fine navigator and a skilled pilot, Smith held the confidenee of his employers as well as the many passengers whom he carried over this route. The pilot is survived by his widow, two sons and a daughter, who are at present residing near Los Angeles.

## Love Comes to Italy and Japan

A gloomy Far East wakened to the fact in the last fortnight that spring and love are here, bigger and better than ever before.

Love arrived on a grandiose scale. It wasn't just two sweethearts spooning in Shanghai's Jessfield Park, along Tokyo's Ginza or in a gondola on a Venice canal. Exchanging affection and mutual endearments was Mussolini and Emperor Hirohito, the empires of Italy and Japan.

Grounds for courtship was established with the arrival of the Italian Goodwill Mission in Japan. From then on, nothing was too good for Italy, nothing was too good for Japan.

The love-fest got down to business right on the spot.

The Japanese presented Italy with numerous young Cherry trees.

The Italians responded with 1,000 young "inine" trees.

War Minister Gen. Sugiyama presented the 18 visiting Fascists with ancient Japanese swords, including two for Mussolini and General Pari, Italian vice-minister of war.

That gift momentarily stymied the Italians, so Sugiyama enhanced the presents with a minature silver Howitzer for Mussolini and a silver helmet for General Pari. The silver Howitzer is one-tenth of the original which was manufactured by the late Italian Lieut.-Gen. Gurilow for the Japanese army, and used effectively in the siege of Port Arthur.

Italian generosity was not to be outdone. They suggested Sending two Italian film beauties to Japan in order to extend Italo-Japanese amity to the cultural and entertainment fields. Miss Assia Noris and Miss Laura Mucci were offered.

The Japanese came back with their gift toward Italian culture. Screen Actress Masami Morikawa, of Shochiku Productions, was suggested as a fitting acknowledgment of the Italian proposal.

The *piece de resistance*, however, came with the presentation by Admiral Yonai and Vice-Admiral Yamamoto of a collection of daggers and silver cigarette cases to the Mussolinimen. The world waits with bated breath for the next evidence of Italian gratitude.

## S. M. C. 1938 Budget Shows Big Decrease in Income

The 1938 budget of the Shanghai Municipal Council while nothing the effect which the existing abnormal conditions and the anticipated slow re-occupation of the Hongkew and Yangtszepoo districts will have no the revenues of the council and how departmental economies have been made to offset it, shows that the ordinary budget has been framed on an estimated deficit of $2,624,940 which is to be transferred to the extraordinary budget where it will be dealt with by an advance of $2,500,000 from Loan Suspense Account.

The statement in part follows:

The budget of Municipal Income and Expenditure to be submitted for the approval of the Ratepayers at the Annual Meeting to be held on April 13, is shown in two sections—General and Education. The funds required for educational purposes are transferred to the Education Budget in accordance with existing procedure. The Ordinary income for the year before allocating a sum of $1,921,130 to the education budget is estimated at $22,166,680. The Ordinary Expenditure inclusive of Education is estimated at $24,809,620, leaving a deficit on the Ordinary Budget to be transferred to Extraordinary Income and Expenditure Account of $2,642,940. The Extraordinary Income for the year is estimated at $14,591,300, comprised of the following items:—

Amount to be raised by debentures or other temporary measure $12,000,000; Amount to be advanced from Loan Suspense Account as cover for the deficit on the Ordinary Budget for 1938 $2,500,000; Sales of Surplus Land $100,000; Miscellaneous Receipts $20,000; Less—Amount allocated to Education Budget $28,700; making a total of $14,591,300. The Extraordinary Expenditure, after including the deficit of $6,613,300 brought forward from the Extraordinary Budget for 1937 and providing for Capital Outlay and Emergency requirements amounting to $2,143,570, for the deficit on the Ordinary Budget for 1938 of $3,642,940 and for Loan Redemption, Sinking Fund and Pension Fund allocations totalling $3,092,560, is estimated at $14,497,370, leaving a surplus on the Extraordinary Budget to be carried forward to 1939 of $93,930.

The Council recommends that the following be levied and that in addition, with effect from July 1, 1938, all Licence and other fees set out in the schedule hereunder be subject to a surcharge of 10 per cent. until the next Annual Meeting of Ratepayers:—Land Tax at the rate of 8/10ths of one per cent. from January 1, 1938, until the next Annual Meeting of Ratepayers, on the values of all land within the limits of the Settlement, payable by the renters thereof, half-yearly in advance.

General Municipal Rate at 16 per cent. from April 1, 1938, until the next Annual Meeting of Ratepayers, on the assessed rentals of buildings within the Settlement, payable by the occupants, quarterly in advance. Special Rate at 14 per cent. from April 1, 1938, until the next Annual Meeting of Ratepayers, payable quarterly in advance on the assessed rentals of buildings beyond Settlement limits enjoying Settlement amenities including Public Utility services. Wharfage Dues on all goods, excepting treasure, passed through the Custom House, at the rate of 1 per cent. of the Customs duty levied. On Treasure $0.30 per $1,000.

# American Political Experts Mum on Far Eastern Situation

BY GEORGE KAO

ALTHOUGH during the past eight months of Japanese undeclared war in China reams of opinion have been written and thousands of words uttered in the United States on the Far Eastern question, one quarter from which opinion relative to the question would be most highly valued has remained comparatively quiet. This is the erudite circle of international lawyers and professors of diplomacy and world politics in America's many seats of higher learning.

The very nature of the Sino-Japanese conflict presents itself as a problem in international law and relations which falls into the province of scholars who devote themselves to research and study in the subject, and yet, in and out of seminars, as one would discover if he sets out to make the observations, the professors generally avoid discussion of the Far East. It may be that they reserve their judgment until current events have lapsed into history and thus lent themselves better to scholarly and dispassionate treatment. But the fact is when Chinese students who are studying in America do take their problems today to their "adviser" in international law they are likely to discover him as sorely troubled as the layman by the irreconcilability of theory and practice as far as relations among states are concerned. When professors speak, as sometimes they do, there is as much confusion of thought and disagreement, on America's Far Eastern policy for instance, among them as patently obtained among the less informed but more vociferous men in the street.

Of the course the isolationists are always with us. The so-called positivist school of international lawyers, represented by such men as Judge John Bassett Moore and Professors Charles Cheyney Hyde and Edwin M. Borchard, are all for a strong, old-fashioned American neutrality policy. Because they think the Versailles an unjust treaty and denounce the post-War international order as "a contrivance to perpetuate the *status quo*," they are opposed to any concrete action to curb Japanese aggression in China. The

**ARE YOU GOING TO TAKE THAT?**

*Glasgow, Scotland, Bulletin.*

eminent professor at Yale Law School who is currently lecturing at Columbia so insistently attacks the ideals behind international instruments such as the League Covenant, the Kellogg Pact and the Nine-Power Treaty that his course has been nick-named on the campus "Borchard v. Collective Security."

**Borchard's Reasoning**

A sample of Professor Borchard's reasoning vis-a-vis the Far East is provided in the following passage from an address which he gave recently at America's Town Meeting of the Air, a national forum for the discussion of public question. Decrying the popular call of "quarantine" against aggressors, Professor Borchard said:

"The alleged legal justification for this new effort at intervention in foreign wars is the alleged violation of the Nine-Power Treaty, the League Covenant and the Kellogg Pact. Even in 1932 when the United States undertook to stop Japan in Manchuria, the Nine-Power Treaty was not invoked. In that attempt to coerce Japan, Britain decided to remain neutral. The recent simultaneous denunciations in Geneva and Washington may indicate that British interests are now in greater jeopardy. It is a pity that American eagerness to undertake missionary work abroad is so largely controlled by the desires or self-restraint of others. But to consider the Nine-Power Treaty or its alleged violation a cause for hostilities is to err badly. Political treaties of that kind are rarely anything but *modi vivendi* and cannot be expected to survive the particular conditions which gave them birth. The Nine-Power Treaty was based on a condition contrary to fact—the assumed unimpaired sovereignty and territorial and administrative integrity of China. Not for a hundred years has there been any such thing. Many of the Western Powers had a large share in its disappearance. To threaten hostilities on such an issue seems almost frivolous."

In the best tradition of isolationism and self-interest, Borchard continued:

"If left alone, the Chinese situation will eventually work itself out. China must save China. Japan has internal weaknesses which check its powers of expansion. If the Japanese are not embittered by foreign intervention, they will probably make terms with the West. If intervention is insisted upon no one can predict the outcome, but it is safe to say that it will hardly be beneficial to the western world."

In an article on the hope of international law in general, in a recent issue of *The New York Times* Sunday Magazine, the author of "The Diplomatic Protection of Citizens Abroad" again seemingly condoned Japanese military methods when he said that "no treaty rules exist today governing the bombardment within a war area of civilian populations from the air" because the Hague Convention of 1922-23 on rules of air warfare was not adopted by any government.

**Japan Flouts Rules**

Not all scholars, however, take this extremely narrow view of international law which seems to dismiss as outside of the pale of law anything that does not involve two states litigants to a case or parties to a contract. When Japanese bombardment of the Shanghai-Nanking area last year was at its height, Professor James W. Garner of the University of Illinois, in a long letter to *The Times*, denounced Japanese barbarities as reminiscent of those of the Thirty Years War in the seventeenth century. Professor Garner also recalled the Hague Conference and pointed out that both the Japanese delegation and subsequently the Japanese Government were particularly in favor of its adoption.

"Nevertheless," Professor Garner said, "Japan is today engaged in flouting openly and on a large scale these same rules which her representatives at The Hague helped to formulate, which her Government at the time was willing to put into force and which the public opinion of the Japanese nation then apparently approved."

Even in the pages of the learned quarterly *American Journal of International Law* opinions differ as to what the United States attitude should be toward the Far Eastern conflict. Protagonists of some form of action to maintain world peace, such as Clyde Eagleton of *New York University* and Charles G. Fenwick of Bryn Mawr College, have been outspoken; but a deterrent on their expressions has also been placed in an editorial comment by Philip C. Jessup of Columbia University, who can probably be described as a moderate isolationist.

Decrying the "attitude of certain groups whose fear of war leads them into extremes of thinking," Professor Eagleton comments thus on Washington's policy: "It is not proposed that the United States should take the role of a Don Quixote upon the international scene, and break a lone lance for the cause of justice. It is proper, however, for the United States to demand respect for international law and treaties . . . . There is no justification for leaning so far backward, under the neutrality legislation, as to aid an aggressor state in its brutal and inhumane conduct of hostilities. The policy of the Department of State toward the Far Eastern conflict is correct and should be supported; but any constructive foreign policy for the future must take into consideration the responsibility of the community of nations for maintaining peace, if necessary by coercive action."

Professor Fenwick, whose textbook on International Law is used in many Chinese colleges, is even more sanguine in his expressions in favor of an international order. He emphasizes the good faith of treaties as at the foundation of international law and writes with reference to Japan's violation of her pledged word:

"What measures may the international community take in the presence of this threat to the law which is its bond of unity? Must public opinion be silent on some theory that criticism of wrong-doing may provoke the wrong-doer to pursue his policies with all the greater determination or may wound the sensibilities of a friendly people who can not justly be made to bear in full share the indictment of their government's conduct? The old rule of diplomacy was that you must not speak unless you were prepared to back up your words with armed force, which was then the only sanction of the law. Today there are other forces in the world, the moral force of condemnation of wrong by the public opinion of other states and the economic force of the

refusal of individual citizens of other states to hold commercial intercourse with a state that breaks the law."

**Boycott Leadership**

That these professors are engaged in more than academic theorizing is shown in Fenwick's leadership of boycott activities among the Bryn Mawr girls and in Eagleton's being chairman of the International Student Service, an organization now working to provide relief funds for Chinese university students.

In answer to Fenwick's call for a "formal expression of righteous indignation" Professor Jessup writes: "Government officials are not entitled to enjoy the luxury of expressing righteous indignation when their expressions may affect the international relations of their country . . . . Government officials need to weigh delicately the nice balance between the desirability of expressing 'abhorrence and condemnation' of illegal or inhuman conduct and the undesirability of making ineffective gestures or threats which, in Mr. (Elihu) Root's words, 'tend, by producing irritation and antagonism, to aggravate the dangers to the unfortunate people whom they are intended to aid.'"

In general, these scholars, though disagreeing as to what the United States could do to help end the Far Eastern hostilities, are alike in their support of Secretary Hull's present policy. They have perhaps developed a scholarly skepticism so that they are not sure they are right; whereas their more conservative colleagues, like Borchard, voice their attacks on Washington's "bungling diplomacy" without misgivings. In any case, when it comes down to the essentials, scholarly opinion is not far removed from the spontaneous utterances of the layman. Professor Jessup, a recognized authority on neutrality, has expressed to the writer, in the course of a private conversation, that "of course" his sympathies are all with the Chinese; Charles A. Beard, the eminent historian, has announced in his recent testimony before the House Naval Affairs Committee that to his mind "all the territory between Siberia and Singapore is not worth the bones of a single American young man."

Other names in the academic world that could be mentioned in this article are those of James T. Shotwell of Columbia University, who is interested in ways to implement the Stimson Doctrine of non-recognition; Bernadotte E. Schmitt, noted World War historian, who has defended the Far Eastern policy of the State Department as "skillful and realistic" and not subservient to British interests; W. W. Willoughby and Arthur N. Holcombe, whose friendship and sympathy for China are well-known and of long standing. To the advocates of an anti-Japanese boycott may be added the names of such noted professors as Quincy Wright, Irving Fisher, William H. Kilpatrick, Henry Pratt Fairchild, David Byrn-Jones, and John L. Childs.

## Japan Guards Army Funds

A six-point "code of spending" was issued April 4 by Gen. Gen Sugiyama, war minister, to ensure that the vast sums allotted to the army this year would be put to their designated use. Every *sen* of Yen 3,824,000,000 voted to the army by the Diet, the order pointed out, must be spent solely to meet the current emergency. The main items of the "code," enumerated in a communique issued this week included:

1. All military expenditures must be directly connected with military operations in China;
2. "Appropriate" prices must be paid for all munitions purchased in the future;
3. Munitions manufactured in Japan should be given preference to imported arms;
4. Strict economy must be observed in the purchase of munitions;
5. Every effort must be made to promote Japan's industrial activities and to maintain monetary stability;
6. Military expenditures must be fairly distributed among the major enterprises, and also between large industrial plants and artisans.

## British Envoy Arrives at Hankow

Sir Archibald Kerr, the British Ambassador to China, Lady Kerr and their party arrived at Wuchang station April 4 after an uneventful journey from Canton. The ambassador and his party looked bright and cheerful as they emerged from the train. They were greeted at the station by Mr. G. S. Moss, the British Consul-General in Hankow, Rear-Admiral Reginald Holt, British Commander-in-Chief in the Yangtse, and Mr. Douglas McKillop, Counsellor of the British Embassy.

## Green Light for Japanese Trucks

Passage in limited numbers of Japanese Army Trucks, carrying a few Army men, through the American defense sector in the International Settlement has been assured on the basis of an amicable agreement reached between the Japanese Military and the United States Fourth Marines authorities, a Japanese Embassy spokesman announced yesterday April 5. The agreement, "which was reached thanks to the friendly spirit existing on both sides," contains minute stipulations regarding "the rough number" of trucks as well as the strength of the armed guards on each vehicle, the spokesman declared.

## Russo-Japanese Tension Grows; Soviet China Aid Protested

Concrete pill-boxes and earth-and-wood defense works are being feverishly constructed along Outer Mongolia's wind-swept borders with Manchukuo and Inner Mongolia, newspapers in Hsinking alleged this week. A powerful force, assisted by motorized units, heavy artillery and aircraft, has also been massed along the Mongol-Manchurian border, the reports added. The force was said to include 50,000 infantrymen, five divisions of cavalry, two divisions of artillery, four air force units, five motorized units, one signal corps, and two divisions of engineer troops. Strong units of the Soviet Army were also reported to be stationed in Ulan Bator, Sambese and other key points in Outer Mongolia.

Strong representations against the assistance given to the Chinese air force by Soviet pilots were made by Mamoru Shigemitsu, Japanese Ambassador, in a conversation with Maxim Litvino, foreign affairs commissar, April 4. Litvinov's reply to the Japanese representations was blunt, harded couched in the usual diplomatic phraseology. Litvinov said:

"The viewpoint of the Soviet Government in the question of the sale of armaments, including airplanes, to China, a viewpoint which fully conforms to the universally accepted standards of international law, was in due time explained by the Ambassador of the U.S.S.R. in Japan, Slavutzky, in the conversation with the Foreign Minister Hirota. Therefore, it is not necessary to return to this question, the more so because armaments are supplied to China, as well as to Japan, from a number of countries. As regards testimony of some Russian flyer allegedly detained by the Japanese troops in China, such case is unknown to us.

"Although the Soviet Government in this respect is free from any obligation towards Japan and is not bound by any international regulations, it has sent no military units, nor any individual military ranks to China to participate in the hostilities, and all kind of testimonies which contradict this fact and cannot be verified, could only be prompted by those circles which are already sufficiently notorious owing to their systematic activities in the fabrication of all kind of fake reports aiming to cause an aggravation of relations between Japan and the Soviet Union."

**Japanese Not to Buy Soviet Oil**

The Japan-Soviet Petroleum Company, a Japanese concern, failed to renew its contract with the Soviet Government for the purchase of Russian oil, it was announced in Tokyo April 1. The company has purchased an average of 50,000 tons of Soviet petroleum annually in the past five years.

At the same time, it was reported that five Japanese employees of the company, were arrested by Russian authorities on charges of being engaged in espionage work.

Fears are also being felt by the Japanese concern for the safety of its two other Japanese employees, from whom nothing has been heard since their arrest on similar charges early this year. Three Japanese residents of Vladivostok arrested last September on charges of incendiarism are still in prison, the newspaper *Asahi* asserted. More than ten Koreans, the journal said, were executed by a firing squad at Khabarovsk in January. Among them was Koh Shoitsu, a fishing industrialist.

**Buying Gas in U.S.**

The Institute of Pacific Relations reported in San Francisco that ten American flagged tankers, in strictest secrecy, recently succeeded in transporting a huge supply of gasoline across the Pacific to the Soviet Far East. The gasoline was purchased by the Soviet Union in the United States and augment the Soviet Union's fuel stock "in preparation for a possible war in the Orient," the Institute report said.

The huge supply of gasoline was purchased in the United States during 1936 and 1937, the report said. Delivery was said to have been made in a continuous series of trips across the Pacific to an undisclosed Soviet port. The Institute report believed that gasoline probably had been delivered at Vladivostok. The Institute report pointed out that facilities existed for transportation of American refined gasoline to Soviet airfields and supply bases from Vladivostok. Strategic points in the Soviet by the point of any Soviet war believed to have been well supplied by the shipments of American gasoline. The reported pointed out that this area would probably be the point of any Soviet war in the Far East.

**Japanese Envoy Angers Russians**

The Japanese charge d'affaires in Afghanistan, Tsuru Kuwabara, has permitted himself an unprecedented insolence with regard to the new U.S.S.R. ambassador, Mikhailov, who has recently arrived in Kabul, says *Tass*. During a 'courtesy call' on Mikhailov, Tsuru Kuwabara bluntly proposed him to become a hired Japanese spy and to collaborate in the interests of Japan. Having received from Mikhailov the merited indignant answer, the Japanese charge d'affaires retired in great embarassment.

According to the information received by *Tass* from authoritative sources, the ambassador of U.S.S.R. in Tokyo has lodged a resolute protest with the Japanese Ministry for Foreign Affairs against the insolent action of the Japanese diplomatic representative in Kabul, *Tass* said.

# Outstanding Events in the Sino-Japanese War

## A DAY-TO-DAY SUMMARY

*First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.*

March 8.—Japan's extraordinary "China Incident" budget, amounting to Y.4,850,000,000, passed by Diet, according to Tokyo report.

March 8.—Tokyo Foreign Office spokesman denied rumors Powers will mediate in Sino-Japanese war.

March 8.—Dr. Alfred Sao-ke Sze, former Ambassador to the United States, denied rumors that he was in any way concerned with the Japanese plan to set up a puppet government in Nanking.

March 8.—Chen Li-fu, new Minister of Education, assumed office at Chungking (March 7.)

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March 9.—Two Catholic priests of Italian Mission at Chengchow reported killed, several other members wounded during Japanese air raid (March 8) on Chengchow, on Lunghai Railway, according to reporte received by Italian Embassy at Hankow.
Despite heavy snowstorms, Chinese planes bombed Japanese positions in southern Shansi; Japanese planes raided Chengchow and Sian, Shensi Capital. In Sian, the raiders were engaged by Chinese planes.

March 9.—Detachment of some 900 Japanese troops crossed Yellow River, under heavy artillery barrage, at Szeshui, between Chengchow and Kunghsien (Honan), on March 5, according to report received at Hankow. Chinese forces defending south bank blew up the dykes and flooded area where the Japanese landed; many Japanese soldiers were drowned; remnants surrounded.

March 9.—Gen. Chiang Kai-shek, interviewed at Hankow, expressed complete confidence in China's ultimate victory in Sino-Japanese hostilities; said that fighting strength of China's army would be doubled in two months's time; Believed that Japanese forces would not be able to penetrate China's Northwest Provinces.

March 9.—M. Tani, Japan's Special Envoy at Shanghai, warned Japanese nationals against "undue optimism," in interview with Japanese newspapermen (March 8). Said Japan determined to push her "sacred war of chastisement of the outrageous Chinese to the end."

March 9.—Madame Sun Yat-sen issued appeal to women of the world on International Women's Day (March 8), urging them to assist China in her campaign of resistance against Japan.

March 9.—Sun Fo, President of Legislative Yuan, claimed will negotiate with French Government regarding increased transportation of arms to China through French Indo-China, according to **Domei** report from Hongkong. Sun departed from Moscow for Paris March 6.

⁂

March 10.—Following crossing of Yellow River by Japanese detachment north of Szeshui, Honan, traffic on Lunghai Railway has been interrupted between Chengchow and Tungkwan, important town on Honan-Shansi-Shensi border; Chinese aircraft heavily bombed Japanese positions and concentrations at Fenglingtu, on North bank of Yellow River, opposite Tungkwan. Japanese artillery shelled Chinese positions at Tungkwan from Fenglingtu.
Japanese claimed crossing Yellow River into Shensi and capture of two cities in Shensi opposite Hochu in Shansi.
Chinese forces in southern Shansi developing strong defence using guerilla bands which constantly interrupt Japanese communication lines and check Japanese attempt to clear the territory of Chinese troops.
Chinese mobile units active near Tsinan, Shantung capital, force the Japanese troops to withdraw within city walls, according to Hankow report.

March 10.—Herbert Phillips, British Consul-General at Shanghai, protested to Japanese consular authorities over mail censorship. Japanese were asked not to interfere with British mails.

March 10.—Japanese planes will henceforth fire on foreign planes flying over them, declared Rear-Admiral Noda, spokesman for Japanese Admiralty, according to **Reuter** report from Tokyo.

March 10.—Medical supplies donated by German Red Cross Society to Chinese Red Cross Society arrived at Hongkong by the German liner 'Scharnborst."

March 10.—The so-called Japanese "Federated Reserve Bank" in Peiping opened; extending note issue for circulation in North China.

March 10.—British authorities in Peiping protested to Japanese Embassy against assault by Japanese soldier on the Rev. A. H. J. Murray, of London Missionary Society, at Tsangchow, Hopei, on Feb. 20.

March 10.—Gen. S. Hata, Commander-in-Chief of Japanese Forces in Central China, reviewed Japanese troops at Kiangwan. No foreigners were present.

March 10.—Another decapitated head of Chinese man found in French Concession, bringing the total discovered in that area to seven.

March 10.—515 Japanese airplanes destroyed from beginning of hostilities to Feb. 28, according to Chinese Aviation Headquarters at Hankow. Chinese air force strengthened by arrival of many new planes.

March 10—Japanese planes raid Sian, Shensi Capital, Feb. 8; Chinese claim four brought down; Japanese claim 18 Chinese planes destroyed.

March 10.—Yangtsze River still closed to foreign shipping, declared spokesman of Japanese Navy Office.

March 10.—Japanese press censors ask foreign news agencies to submit news reports before issuing them to the press. Request ignored.

March 10.—M. Tani, Japanese Minister-at-Large in Shanghai, made official calls on British and Italian envoys.

March 10.—Italian Embassy denied report that two Italian priests had been killed by Japanese air raid over Chengchow, Honan, March 8.

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March 11.—Gen. S. Hata, Commander-in-Chief of Japanese Forces in Central China, declared in interview with Japanese newspapermen (March 10) that Japanese Army would support a new regime in Central China, if its basic policies were friendship toward Japan and the war on the Kuomintang and the Communists is continued. Reports persist that Japanese would shortly establish another puppet Chinese administration at Nanking.

March 11.—Soviet Russia said ready to give China more help against Japan but is unwilling to fight Japan directly, declared Tsiang Ting-fu, former Chinese Ambassador to Russia, at Hankow. Dr. Tsiang recently returned to China from Moscow.

March 11.—Many spy suspects arrested in Chungking and taken to Hankow for trial.

March 11.—Lone Chinese bomber raided Japanese airfield at Nanking, also attacked Japanese troop train at Linghuaikwan, on southern sector of Tientsin-Pukow Railway.

March 11.—Hand-grenade thrown at 161 Burkill Road, Shanghai; no one injured.

⁂

March 12.—Chinese mobile columns active in east Shantung and along Kiaochow-Tsinan Railway; five cities on the Line reported occupied.
After having recaptured Puyang, Weihaiwei and Tangying, Chinese troops on Peiping-Railway rapidly press toward Anyang (Changteh), northern Honan.

March 12.—Japanese claims that Japanese detachment crossed Yellow River March 10 at Hochu, northwestern Shansi, and occupied villages on west bank of the River, in northeastern Shensi, were repudiated by Chinese authorities in Hankow. It was stated that Japanese attempted to cross the River, but were repulsed by Chinese forces.
Chinese High Command rushing reinforcements to guard west bank of Yellow River along Shansi-Shensi border.

March 12.—13th Anniversary of death of Dr. Sun Yat-sen observed in Hankow, Chungking, Canton and other cities. Chinese residents and public organizations observed the day as holiday. National Flags flown half-mast.

March 12.—Curfew hour enforced in Foreign Settlements in Shanghai extended from 11.30 p.m. to 12.30 a.m. effective from tonight.

March 12.—Friction between Kuomintang and Chinese Communist Party becomes acute; Kuomintang authorities disturbed by Red propaganda and accuse Communists with breaking faith, Communists demand co-operation "'on equal footing."

March 12.—Japanese Government announces intention to create "China Council and China Affairs Bureau" on May 1, reported by **Domei.**

March 12.—Sun Fo, President of Legislative Yuan, arrived at Paris from Moscow.

March 12.—Liu Lu-yin, former Director of Central Publicity

Department, who had been imprisoned at Hankow following conviction for alleged implication in the murder of ex-Hupeh Chairman Yang Yung-tai in 1936, released under amnesty.

March 12.—Foreign missionaries in Puchow and Yungcheng, southern Shansi, reported safe, despite hostilities in that region.

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March 13.—Gen. Chiang Kai-shek has completed plans for launching new drive to encircle Japanese forces now operating in Shansi; Chinese defenders on south bank of Yellow River reinforced by fresh troops and ordered to prevent Japanese advance from Shansi into Honan at all costs.
Chinese forces on Peiping-Hankow Railway ordered to advance in two directions: one column to push west into southern Shansi and another column to advance northward along the Railway. Meanwhile Chinese reinforcements have been dispatched into Shensi to hold Japanese advance on that flank.

March 13.—Trains on Lunghai Railway running at night in spite of continued shelling of Chinese positions at Tungkwan and Shenhsien by Japanese forces.

March 13.—Chinese guerilla bands raided Chefoo, Shantung, last night: attacked police stations and seized all rifles; none injured.
Chinese mobile columns also active along Kiaochow-Tsinan Railway and west of Tientsin-Pukow Railway; Japanese communications lines constantly interrupted.

March 13.—National Government lodges further protest with Germany against Hitler's recognition of "Manchukuo."

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March 14.—Shanghai-Hangchow Highway cut south of Minghong by Chinese mobile columns; reported to have also occupied the cities of Chuansha, Nanhwei and Fenghsien, near Kiangsu sea coast.
Chinese troops active on Peiping-Hankow and Tao-Ching Railways and in Shansi.
18 Japanese railway workers of South Manchuria Railway killed by Chinese reds near Sinhsien in northern Shansi on Feb. 22 **(Domei report)**; railway workers were engaged in repair work, when attacked.

March 14.—National Government issue mandate and regulations, restricting foreign exchange operations; sales to be centralized through Central Bank of China; ruling to become effective immediately.

March 14.—New airline joining China with Russia planned by Chinese Government, according to Chungking report.

March 14.—Whereabouts of Gen. Chang Hsueh-liang, former Manchurian leader, unknown; recent reports that he had been in Hunan and would shortly go to Hankow to receive a government appointment discredited in political circles in Hankow.

March 14.—Soviet Russian authorities allegedly constructing new railway linking Urga with Lanchow, capital of Kansu province, according to **Domei.**

March 14.—Sir Archibald Clark Kerr, new British Ambassador to China, scheduled to present credentials to Chinese National Government at Chungking on April 8.

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March 15.—Japanese forces on northern sector of Tientsin-Pukow Railway resume southward drive in three columns: central column advancing along Tientsin-Pukow Railway, another column attacking Chinese left wing west of the Railway and third column operating east of the railway.

March 15.—Heavy artillery duel continues between Chinese and Japanese forces across Yellow River over extended area between Tungkwan and Chengchow Honan; east bound trains on Lunghai Railway running only to Hwaiying, one station west of Tungkwan.
Chinese forces in Shansi engaging Japanese in 8 different sectors.

March 15.—Gen. Hsu Pei-keng, Chief of Intelligence Department of Gen. Chiang Kai-shek's Headquarters, declared Japanese forces in Shansi had failed to annihilate Chinese forces in that province or drive them out of Shansi. Gen. Hsu explained that the Japanese had under-estimated the fighting strength of Chinese troops on that front.

March 15.—Japanese planes staged two night raids over Hankow; extent of damage unknown.
Canton also raided, damage said slight.
Sian, Shensi capital, raided March 14; hangars and barracks damaged, according to **Domei.**

March 15.—Yui Yoh-ching, head of Chapei Fire Brigade operated by the "Great Way Government," shot on Jessfield Road by known gunman; seriously wounded in abdomen.

March 15.—Japanese Cabinet approves creation of China Economic Affairs Council and China Economic Affairs Bureau. Duties of the Council will be to make recommendations regarding general rehabilitation and development of China. The Bureau will control the projected North China Development Company and the Central China Development Company, to be capitalized at Y350,000,000 and Y100,000,000 respectively.

## Three Shanghai Incidents Keep Officials Busy

Three incidents in Shanghai last week caused the concern of military, consular and police authorities. They were:

1. The British protest dealing with incidents which took place at the Brenan Road boundary of the British Defense Sector March 28, when groups of Chinese demonstrators celebrating the establishment of the "Reformed Government of the Republic of China" sought to proceed through the Settlement. The British alleged that one of the demonstrators, a Japanese, thrust a revolver into the stomach of Major E. T. Heslop, commanding officer of the Durham Light Infantry.

2. The reported attack by two Japanese in plainclothes upon C. J. dos Remedios, British subject, near the Dixwell Road Police Station April 1. The assault on the man who was accompanied by W. W. Monk, is reported to have been caused because the two Japanese objected to the sounding of his motor car horn by Remedios.

3. Continued disappearance of Harold Porter, missing since March 24. He was reported to have been last seen on Broadway, near the China Merchant's Lower Wharf in a bedraggled state. Another report placed in the vicinity of Jessfield Park. Numerous theories have been advanced regarding the reason of Porter's disappearance. One states that he may be suffering from amnesia.

Gen. Shunroku Hata, Commander-in-Chief of the Japanese Expeditionary Forces in the Shanghai area, on April rejected in strong terms the protest addressed to him on earlier in the week by Major-Gen. A. P. D. Telfer-Smollett, Commander of the British troops here. "It is a matter of regret," the Japanese military spokesman said at the press conference "that the British commander, acting on a one-sided observation, should have assumed a discourteous attitude towards the Commander-in-Chief of the Japanese forces. The British commander's action of protesting in writing to the Japanese Commander-in-Chief on the basis of an unverified assumption that the men involved were Japanese military, cannot be described in terms other than unfriendly. We would suggest that he should have adopted a course whereby he would have asked for an investigation first, before making the protest."

### Dr. Sellett Loses Trees

An excited foreign neighbor in Hungjao Road telephoned Dr. George Sellett, former United States District Attorney, at his office last week and told him that a party of Japanese soldiers were removing valuable evergreen trees from his property in Hungjao Road, west of Chungshan Road. Dr. Sellett immediately motored to the place, but arrived too late—nearly twenty well-grown cedars and other trees had just been dug by the roots and carted off from his garden!

### Meisling Protest

Clarence E. Gauss, American Consul-General, filed a written protest this week, with Shinrokuro Hidaka, Japanese Consul-General, over the assault made by an armed Japanese Gendarme on V. F. Meisling, American reporter on the "N.-C.D.N." staff, in Hongkew on Monday.

Three is still no clue as to the whereabouts of Chow Chueh, former Director of the Shanghai Office of the Ministry of Foreign Affairs who has been missing for several weeks, states a report to the *Hwa Mei Pao* Chow was last reported to have attended a dinner party given by a friend in the Cathay Hotel.

### Briton Attacked in Hongkew

An official protest against an "inexplicable and uncalled-for" attack by Japanese soldiers on Mr. Alexander Mackie, British subject, in Hongkew April 5, was made by Mr. Mackie at the British Consulate-General. A report of the incident, in which four Chinese employees of a Dix-well Road knitting mill under Mr. Mackie's control, also were attacked, was given at Hongkew Police station

## Will Russia Blame Japan?

On March 28th, after a ten years' interval, the eruption Avachinsky volcano, 60 kilometers from Petropavlovsk on Kamchatka, started. Eruption of similar force has not occured in the last 39 years.

## Japan-Mexico Oil Talks Denied

Neither the Japanese Navy nor the Government" has anything to do with the Mexican oil controversy," a spokesman for the Admiralty said last week. He also emphatically denied press reports of negotiations between Japan and Mexico for the purchase of Mexican oil by the Navy.

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# Red Cross Society Recuperates from Heavy War Losses

While the Shanghai International Red Cross last week was encouraged by the report of Father Jacquinot that the Central Government was planning to contribute $100,000 a month toward the Shanghai relief problem, equally cheering news was received from Hankow that the National Red Cross Society of China, sufferers of heavy property losses during the war, is again functioning efficiently. Active in the reorganization of the medical relief work has been Dr. Robert Lim, Edinburgh University man and former editor of the Chinese Journal of Physiology.

The society's first problem that needed solution early in December was: Should the Chinese Red Cross continues to maintain its own hospitals or offer its resources to the Chinese Army Medical Service Corps? There were several factors that had to be taken into consideration. First, the war zones then as now extended over a wide area with the centers of military operations changing all the time. The Red Cross did not possess enough vehicles, making transportation of medical supplies and personnel from one place to another extremely difficult. Also many army hospitals for wounded soldiers had already been established, thus rendering it no longer necessary for the Red Cross to maintain its own hospitals. Therefore, it was thought that the Red Cross should be of the greatest service by sending its technical personnel to supplement the staff of the Chinese Army Medical Corps. This meant that the Red Cross staff would only take care of the technical side in treating the wounded soldiers, having nothing to do with the management of the hospitals where they might work.

In the light of these considerations, a number of small medical units were organized, each with adequate equipment and supplies. They have been functioning since in army hospitals in Loyang, Hwaying, Sian, Yenan, Weinan in Shansi, Sinyang, Chengchow, Hsuchow, in Honan, Hanyang and Hankow in Hupeh, Changteh, Iyang, Changsha, Chiyang, Hsiangtan, Hengshan and Henyang in Hunan, Nanchang and Chian in Kiangsi and Canton in Kwangtung. Supervising the activities of these units are three regional directors who have their offices in Sian in Shensi, Changsha in Hunan and Canton in Kwangtung, to take care of the northern, central and southern routes. Up to the end of February, the number of personnel employed by the Chinese Red Cross Medical Relief Commission totalled 817. Five of them are directors, 109 doctors and internes, 20 pharmacists, 218 nurses, 188 dressers, and 277 technicians and administrators.

### Composition of Units

Each of these medical units has about 20 persons, fifteen of whom belong to the technical staff. This its working capacity is constantly kept at a high level. There are three types of units: operative units, dressing units and X-ray units. Each operative unit is composed of five doctors, five nurses, five dressers and five business staff members. Its monthly budget is $1,200. The dressing unit is composed of one doctor (if possible) seven or eight nurses, seven dressers and three business staff members. Stationed comparatively in the rear, it is staffed only by women members. Their work is to supplement the nursing work in various hospitals, prepare dressing materials and help the nursing work in various injections. The monthly budget is $700 per unit. Each X-ray unit is composed of one unit leader, a well qualified Roentgenologist, three assistant technicians and 21 student technicians. Its monthly budget is $1,200.

For the months of January and February, the operative units performed 674 operations, dressed 52,375 wounds, treated 576 cases of illness, and did 70 laboratory tests and 121 X-ray examinations. During the same period the dressing units dressed 13,645 wounds, inoculated 602 persons, and treated 60 cases of sickness, totalling 14,307 cases. As the medical supplies and instruments constitute the essential requirements of the medical units, sufficient stores and quick supply are necessary. A number of standard packages are prepared and each of them varies in weight from 25 to 45 catties so that whenever necessary they can be easily carried by transport coolies. For the storage of materials, a number of depots and sub-stores have been established in various places. One or more dressing units, composed entirely of the nursing staff are stationed in each depot to prepare more dressing material and make standard packages. At present, there is a depot in Sian to supply the northern area, one in Changsha for the central area, with substores in Hengyang, Taoyuan and Hankow, the first two cities being in Hunan. In Nanchang, Chungking and Ichang, a certain quantity of medical supplies is also being kept for emergency purposes. A transportation division at present has 24 trucks, moving both personnel and materials from place to place. Six of them were donated by Chinese in Java.

### General Administration

Then there is the general administration division in charge of statistics, correspondence, and accounting. The monthly budget of the various divisions of the Red Cross Medical Relief Commission are as follows: (1) Division of Medical Service $37,800; (2) Division of Supply Service $2,100; (3) Division of Transportation Service $14,015; (4) Division of General Administration $13,085; Total, $67,000. This amount does not include the budget of $2,200 for the Hankow office and $800 for the Hongkong office of the National Red Cross Society of China. During the last two months, the various divisions have been trying their best to proceed according to their plans but at the same time modifying their programs in the light of practical experience. In the past, the majoirty of the medical units worked in the rear. As most of the cases they received were light wounded, they found the work not heavy enough to keep them fully occupied. Therefore, the Medical Relief Commission is planning to send more units closer to the front lines. It is now making arrangements with the field hospitals so that more urgent medical services can be given to the wounded.

During the next few months, the danger of epidemics will be high. Proven cases of cholera have already been reported in various parts of Hunan province. So the Chinese Red Cross is organizing a number of preventive units which will be despatched to various receiving stations for the wounded soldiers, refugee camps and also the army under training in the rear.

At the same time, the Chinese Red Cross is thinking of raising the standard of its medical relief staff. A training programme is being prepared as teaching material for the different units now in the field. Medical books and journals are to be circulated among them to post their staff members with the latest progress in the world of medicine.

### $10,000 Indo-China Contribution

A donation of $10,000 has been received in Canton by General Yu Han-mou, Pacification Commissioner for Kwangtung and concurrently Commander-in-Chief of the 4th Route Army, from the Overseas Chinese Association in Annam, French Indo-China, for the Kwangtung air defense fund. General Yu has cabled a message of thanks to the donors.

### Articles Deal With Relief

In the winter issue of the China Quarterly, nine articles deal with the war relief problem in Shanghai and other parts of China. The articles are Shanghai's Refugee Problem, by W. D. Boone; The Problem of Clothing Refugees in Shanghai, by Mrs. W. S. New; The Problem of Food and Shelter for Refugees in Shanghai, by Etha M. Nagler; Medical care for Shanghai refugees, by Dr. Szeming Sze; Education of the Refugees in Shanghai, by H. C. Chen; Organization of Refugee Camps as worked out by the Visiting Committee; Social Service Among the Refugees, by D. K. F. Yapp; A Service to Wounded Soldiers, by H. A. Wilbur; The Christian Church and War Relief, by Robert F. Fitch.

## Tokyo Studies China Shipping Plans

Plans calling for the establishment of a large private shipping company for the exclusive development of Japanese shipping in China waters will be submitted to a conference of high officials of the Communications Ministry shortly, according to the *Tokyo Asahi*. The Ministry's shipping bureau already has completed an investigation in preparation for the organization of the firm. According to the Ministry's plan, a large-scale company with capital of Yen 200,000,000 is likely to be set up. The capital will be subscribed by the Nippon Yusen Kaisha, Osaka Shosen Kaisha, Kinkai Yusen Kaisha, Dairen Steamship and Nisshin Steamship Companies.

## No Germ Bombs, Say Japanese

Japanese military authorities in Peiping voiced strong indignation over "mendacious Chinese propaganda" claiming that Japanese forces operating in northeastern Shensi Province have resorted to chemical warfare by spreading typhoid fever germs from airplanes. The Japanese authorities categorically denied the Chinese report, pointing out that it was designed to "gloss over the repeated reverses suffered by Chinese Communists and other troops in Shansi and Shensi Provinces," *Domei* said.

## Italy, Manchukuo Trade Talks

A treaty of commerce and navigation will be negotiated with the Manchukuo Government by the Italian industrial mission, scheduled to arrive in Japan next month. The ground work of the projected pact was laid last November, when Italy recognized Manchukuo.

## Augusta Due in Shanghai

After more than two months absence in Philippine waters, the U.S.S. *Augusta*, flagship of the United States Asiatic Fleet, was expected to arrive in Shanghai on Friday, April 8. The vessel was to have left Manila Monday or Tuesday and steam directly for Shanghai without a stop-over en route. It is understood that soon after her arrival, Admiral H. E. Yarnell, Commander-in-Chief of the Asiatic Fleet, will transfer his flag from the yacht, Isabel, to the Augusta. The Augusta left Shanghai the latter part of December, her scheduled departure earlier in the month having been delayed by the Panay Incident and later, the trouble at Tsingtao.

# Who's Who in China

徐澤宇澤之
**Dr. Oscar T. Hsu (Hsu Tzu)**

Dr. Oscar T. Hsu, diplomatic official; born at Tatung, Shansi, 1903; native of Wushing, Chekiang; attended St. John's High School, Kiukiang; graduated from the Peking National University with B. A. degree, 1926; did research work in Political Economy in Germany and received the degree of Dr. rer. pol. (Doktor der Staatswissenschaften) in Hamburg University; passed the Examination for Diplomatic and Consular Service, of the Ministry of Foreign Affairs, 1928; appointed Chancellor of the Chinese Legation at Stockholm 1929; transferred as Vice Consul at Hamburg 1931; acting Consul at Hamburg since 1933; decorated with Vasaorden 2nd. Class by H. M. the King of Sweden 1931; author of "Handel und Handelspolitik Chinas," Bibliotheque - Sino - Internationale, Geneve; address: Chinese Consulate, Hamburg, Germany.

## Japanese Wreck Silk Trade in China

Japanese occupation of the principal silk-producing provinces has dealt a final blow to China's silk industry as far as foreign markets are concerned, according to the Institute of Pacific Relation. Even if more favorable conditions should exist later, or should there be general unofficial boycotts against the general unofficial boycotts against the Japanese silk industry, the Institute doubts seriously if China ever would be able to regain her markets. As a matter of fact, even before the present Sino-Japanese hostilities, Japan had been steadily taking over China's foreign silk trade. This was done legitimately through improvement in Japanese production and an active campaign for foreign markets.

Just before the present struggle began, Japan had reached a point where she was supplying three-fourths of the world's demand for commercial silk while China was supplying only ten per cent. Present military operations in China have reduced almost to a vanishing point China's possibilities for any further business in the silk export field. Already military operations in Chekiang have been so extended as to curtail immensely silk production. Other important silk producing provinces which the Japanese have overrun are Kiangsu, a source of best quality raw whilte silk, Shantung, home of the yellow silk that bears its name and Hopei. The only other important silk-producing province is Szechuen. As the situation stands at the present time, there seems little likelihood that foreign markets can ever be found for the crop now on hand and with this steady loss of foreign markets and with the silk-producing provinces in the hands of the Japanese, China's foreign silk trade seems to be definitely at an end.

## Tokyo Plans Ready for Olympics

With a budget totalling Yen 366,570,000 having been approved without revision by the Tokyo Municipal Assembly, plans are under way in earnest on construction projects for the 1940 International Exposition and the Olympic Games. The General Affairs Section of the Municipality is assisting a special committee making artangements for the exposition, which will commemorate the 2,600th anniversary of the founding of the Japanese Empire. Included in the budget are appropriations of Yen 10,900,000 for constructing exposition highways, Yen 11,000,000 for building roads to the Olympic Games, and Yen 12,000,000 for an international Airport which is expected to be the largest in the world.

**World Fair**

Prominent civic figures will leave Japan early next month for all corners of the world to seek international participation in the World Fair, scheduled to be held here in 1940. Mr. Ginjiro Fujiwara, the "paper king" of Japan and President of the vast Oji Paper Manufacturing Company, and Mr. Naokichi Masunaga, former Mayor of Yokohama, is scheduled to leave for Europe on April 12, with invitations to foreign powers to send exhibits to the exposition.

## Japanese Training Ships Coming

A Japanese naval training squadron consisting of two ships, H.I.M.S. *Yakumo* and H.I.M.S. *Iwate*, will come to Shanghai on Apr. 27 during a long cruise, according to local Japanese newspapers. The vessels, which will stay here three days, will carry a number of this year's graduates of the Navy Academy, Naval Engineering College, Naval Surgery School and the Naval Paymasters' School. The squadron is under the command of Rear-Admiral Shiro Takasu.

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# Men and Events

Oswald White, British Consul-General at Osaka has been transferred to Mukden.

Ho Tung, recently appointed Mayor of Swatow in succession to Li Yuan-hu, assumed his duties on April 1.

Winthrop Scott, American Consul at Kobe, and Mrs. Scott are traveling in Siam and French Indo-China on vacation.

J. W. Carney, Assistant General Manager of Standard-Vacuum Oil Company, returned to Shanghai this week on the Empress of Asia.

Mr. and Mrs. U. G. Frondorf of the Ault and Wiborg Company returned to Shanghai this week. They were passengers on the Empress of Asia.

Malcolm McDonald, correspondent for the *London Times* in Peiping, accompanied the British Ambassador, Sir Archibald Kerr and Lady Kerr, to Chungking.

Dr. Robert P. Wilder, 74 years, well known American missionary in China, died in Oslo on March 25. Mrs. Stanley Hoyte of Linfen, China is a daughter of Dr. Wilder.

Ichiro Kiyose, chief secretary of the Kokumin Domei Party, departed from Tokyo on April 2 on an inspection of political and economic conditions in Manchuria and North China.

Percy Hutton Fearon, famous English cartoonist, who drew 10,000 cartoons in a period of 34 years, retired from active work on Feb. 8. He had been with the *Daily Mail* for many years. Mr. Fearon was born in Shanghai.

The Japanese have announced a special enshrinement service at the Yasukuni Shrine in Tokyo, beginning on April 24, in honor of 4,533 soldiers and sailors killed in action in Manchuria and China. Of the 4,533 to be enshrined, 3,855 served in the Army and 678 in the Navy.

Gen. Tsai Ting-kai, Field Commander of the 19th Route Army which defended Shanghai against the Japanese in 1931, is recovering from a badly broken leg suffered in a motor car accident on the Shanghai-Nanking highway during the fighting in this area several months ago. Gen. Tsai is in a hospital at Hongkong.

Michel Breal, manager in the Far East for the French *Havas* news service, departed last week on a business trip to Tokyo. He was accompanied by Robert Guillain, who will take charge of *Havas* Tokyo office. Simon Lourie, who recently arrived in Shanghai from Paris will serve as assistant editor here during Mr. Guillain's absence in Tokyo.

W. L. Marshall, formerly assistant general manager for South China for the Standard-Vacuum Oil Company, located in Hongkong, has been transferred to Japan where he will be assistant general manager for Japanese territory. Mr. and Mrs. Marshall are now residing at No. 62 Shibodai, Negishi.

Lewis W. Bush, who recently was taken on a tour of North China by a Japanese organization, announced upon his return to Tokyo his intention to write a book which will be entitled, "Sunrise of North China." Mr. Bush stated he was deeply impressed by the efficient maintenance of peace and order by the Japanese Army.

A requiem mass was held at St. Aloysius Church, Shanghai for the late Attilio Ferrari, with Fr. Gherzi officiating. Mr. Ferrari was one of the oldest Italian residents of Shanghai, having established the firm of Bianchi on Nanking Road which he operated to the time of his death which occurred on Sunday, March 24 at the age of 60 years. He is survived by Mrs. Ferrari.

The National Government at Hankow issued a mandate on April 1 dismissing from office Fan Han-sheng, Consul-General and Chang I-hsin, Counsellor of the Consulate-General at Seoul, Korea. They were charged with collusion with the enemy and betrayal of the party and state as a result of their acceptance of appointment as consular representatives of the Provisional Government at Peiping.

George Partridge, Canadian, who was charged in the local court at Seattle, with complicity in the attempted bombing of the Japanese ship Hiye Maru, several weeks ago, was acquitted, according to a dispatch in the *Japan Advertiser* on March 23. He was charged with carrying and transporting explosives, but claimed he had been intimidated by other persons. The Seattle Court ordered him departed to Vancouver where he will be tried in the Canadian court.

The captain of a Japanese fishing ship, charged in the Singapore court with violation of the Straits alien registration rules, admitted that he had dumped overboard a large quantity of brass valued at £1,000. He had taken the brass from the wreck of the partly submerged German cruiser Emden, but apparently in fear of arrest, he had dumped it overboard off the coast of Johore, Southern Malaya.

Charles E. Tripet, 37-year-old Swiss citizen, was found dead in his office at 131 Museum Road, early on the morning of April 1. He had died from a bullet wound in the head, apparently self-inflicted as an automatic pistol was found near his body and he left a note stating he had experienced business troubles and was tired of life. He was a watchmaker and manufacturer's representative. He is survived by a widow and small son, both residents of Shanghai

B. M. Simansky, Acting Consul-General of the U.S.S.R., will have charge of the Shanghai consulate-general during the absence of I. I. Spilwanek, Consul-General.

Victor Keen, correspondent for the New York *Herald-Tribune*, interviewed Gen. Li Tsung-jen, commander of the Chinese troops defending Hsuchow, strategic point at juncation of Lung-Hai and Tientsin-Pukow railways, on March 30. Mr. Keen went to Hsuchow by way of Hongkong and Hankow.

W. S. Leonard, manufacturers' representative, is departing from Shanghai next week on a business trip to South China and the Philippines, following which he will depart for the United States on a trip of several months. Mrs. Leonard will travel home by way of Europe, visiting relatives in France, prior to joining Mr. Leonard in New York.

Much favorable comment has appeared in the newspapers of the United States regarding an entertainment program given by Miss Soo Yong, Chinese actress from Hollywood. She gives costume representations and characterizations both humorous and dramatic, among them being a monologue, "Mae West Interviews Sister Aimee," also a sketch from a Chinese operetta and others. The report stated that Miss Yong had created several outstanding screen characters in such pictures as "Good Earth," "Rainbow Pass," and "The Painted Veil."

M. Paul-Emile Naggiar, French Ambassador, departed for Hongkong last Saturday. He was accompanied by M. Jean Royere and Robert Luc, Secretaries. Prior to departing from Shanghai, Mr. Naggiar visited various French establishments in the Tongkadoo district, including Kiousin Dockyards, the French Concession Waterworks, and also the mission of the Little Sisters of the Poor. He was accompanied on the trip to Tongkadoo by M. Jean Cochet, agent of Messageries Maritimes and M. Martinollu technical director, and M. Courthail and M. Ladroitte, manager and engineer respectively, of the French waterworks.

Rev. C. L. Boynton of the National Christian Council, and Mrs. Boynton, have published a memorial in the form of a pamphlet in honor of their son Charles Dozier Boynton who died at San Jose, California on Nov. 17 last year. He was their only son and was 27 years of age at the time of his death. He had been suffering from pulmonary tuberculosis and was returning home for medical treatment aboard the *President Hoover* when he suddenly suffered an intestinal ailment requiring an operation aboard ship. He was taken to a hospital at San Jose immediately upon arrival of the ship, but died shortly afterward. Aside from his parents, he is survived by his wife, Peggy, who is now in America. Rev. and Mrs. Boynton departed for the U. S. on home leave on March 20.

The Japanese are making another attempt to colonize Manchukuo by sending 30,000 youths to the puppet state, the first contingent being scheduled to leave Japan this month. The number scheduled to depart this spring was not stated but the 30,000 youths now being trained as emigrants, will constitute the vanguard of 1,500,000 men whom the Japanese now plan to send to the Manchurian provinces in the next 20 years. Previously all attempts to encourage migration to Manchuria have failed.

Goro Uchida, Japanese Consul-General at Foochow, arrived in Shanghai this week on a special assignment from the Tokyo Foreign Ministry to investigate the losses of Japanese residents here as a result of the hostilities. After a conference with officials and residents here, Mr. Uchida was scheduled to proceed to Tsingtao for a similar investigation of Japanese losses at that port. Seven leading municipal and prefectural officials of Osaka also arrived here this week to inspect conditions and "encourage" the Japanese soldiers and sailors.

H. D. Rodger, well known American attorney at Shanghai, was married on April 2 to Miss Valentine Shick, daughter of the, late V. N. Shick and Mrs. Shick of Shanghai. Mr. Rodger has been a resident of Shanghai for many years, coming here from Tennessee. He has been active in the Shanghai Volunteers, Polo club and other organizations. The wedding took place in the apartment of Judge and Mrs. Milton J. Helmick at Haig Court, Judge Helmick officiating. The bridge was attended by a bridesmaid, Miss Eileen Wathen, and two matrons of honor, Mrs. Milton J. Helmick and Mrs. E. F. Stanton.

Dr. T. B. Dunn, well known American physician in Shanghai, was elected President of the Shanghai Medical Association, at the annual meeting held on March 31. Other officers elected were, Vice-President, Dr. L. McGolrick; Honorary Secretary, Dr. W. R. Johnston; Honorary Treasurer, Dr. Dana Nance; and the following members of the Council, Drs. A. S. Wong, A. Stantelli, D. J. Kasakoff and E. G. Gauntlett. Dr. F. Reiss, retiring President, spoke and there also was a talk by Dr. John Gray, Editor of the *Journal of Clinical Medicine*.

Judge Milton J. Helmick of the United States Court, addressed the members of the Council of the British University Society on March 31, the meeting being attended by a large number of foreign and Chinese graduates of English and American universities. The meeting was held at the Park Hotel. Dr. Helmick discussed changes which have taken place in American educational customs, stating that the present tendency is to adopt in modified form, the English tutor system, now a feautre of both Yale and Chicago universities. R. Davidson, Vice-President of the Society, presided.

## Lih Pao Publishing in Hongkong

The *Lih Pao*, one-time popular Shanghai daily newspaper of the tabloid type, which suspended publication in Shanghai last year after the conclusion of hostilities in this area, has resumed operations in Hongkong. According to reports from the Crown Colony, the paper produced 100,000 copies on the initial day of its appearance in Hongkong and sold out. Premises of the *Lih Pao* in Shanghai, situated on Shantung and Kiukiang Roads, are today occupied by the morning edition of the *Ta Mei Wan Pao*, Chinese language counterpart of the American-owned *Shanghai Evening Post and Mercury*.

Another new Chinese language newspaper under foreign management made its appearance in Shanghai last week. The journal is the Tao Pao (morning Leader) and is printed at 130 Ningpo Road, while the editorial offices, at the present time, are on Avenue Edward VII. It is British owned, the publisher and proprietor being Mr. J. A. E. Saunders-Bates. He has incorporated his company under the Companies Ordinance of Hongkong.

## Rules for Coal Transfer

New regulations governing the transfer of Chinese-owned coal in Pootung to foreign ownership were announced last week by the Japanese authorities in Shanghai. Chinese coal-owners who had sold their coal to foreigners after Aug. 13, 1937, but had not completed the legal procedure nor had yet received payment will be required to cancel the transaction. Notification of the cancellation must be reported to the Japanese consular, military and naval authorities. Persons complying with this requirement will be given "preferential treatment" by the authorities, the daily said.

Chinese owners who sell coal or transfer ownership to foreigners will be required to notify the Japanese authorities, on fear of a penalty. Full respect, the statement said, will be paid to property ownership in the Japanese controlled area, irrespective of the owners' nationality. Coal already requisitioned by the Japanese authorities or taken in the future will be paid for in full, the statement said. An investigation is now in progress to determine the ownership of coal requisitioned by the Japanese.

## Japanese School for Chinese Brides Arouses General Suspicion

An announcement published in Shanghai *Nippo* and circulated by *Domei* that a Japanese named Okihei Sugimoto was planning to establish a so-called "School for Chinese Brides" in Nanking, has aroused sarcastic comment in the Chinese newspapers. One paper called attention to the last sentence in the report in the *Nippo* stating that the purpose of the school was "to train good mothers for the production of pro-Japanese Chinese citizens." According to the *Domei* announcement, the school will be established in some vacant buildings near the foot of Purple Mountain, apparently the School for War Orphans, formerly conducted by Madame Chiang Kai-shek. Mr. Sugimoto announced that his purpose was to teach Japanese etiquette, cooking, music and the Japanese language to Chinese "prospective bridges." He made no reference to the nationality of the possible husbands.

The police of the International Settlement on April 4, raided a house on Shantung Road and found 12 young women and 13 men huddled in a small upstairs room. The police also found a large stock of household equipment, including new bedding, towels, slippers, toilet articles and other materials. It was alleged that the women were being recruited for immoral purposes in the Hongkew area, now under Japanese military control. The average age of the women was 19 years.

## U.S. Chinese Aid Air Fund

More than U.S. $400,000 has just been contributed by Chinese living in the United States for the purchase of airplanes to be used by the China National air force. This is according to a group of six Chinese fliers who have just arrived in Hongkong from America after completing an extended course of aviation training. The six include Messrs. Chen Kuo-kwang and Kwong Shunhsiang. They say that another 30 Chinese fliers trained in the United States are on their way back to their home-land to fly against the Japanese.

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## TO OUR SUBSCRIBERS IN AREAS OF MILITARY ACTIVITY

Hundreds of subscribers, who were forced to leave their homes because of the war situation, have been unable to return and in many instances, have been compelled to establish temporary or permanent residences elsewhere.

As a result they have been unable to receive copies of **The Review** mailed to their normal addresses.

In all cases these back copies have been retained in the office pending receipt of instructions as to new addresses.

Subscribers would thus confer a favor if they would notify this office of their present addresses, with instructions as to methods of routing the paper so as to assure delivery, particularly in Central, West and Northwest China. Mail deliveries between Shanghai and such points as Hankow now require a minimum of 8 to 10 days.

# New Books of Interest in the Far East

## The U.S. Far Eastern Role

*War in China, by Varian Fry, a Headline Book of the Foreign Policy Association, New York City. Cloth, 95 cents, paper 25 cents.*

America's role in the Far East is very admirably set forth in *War in China*, newest Headline Book of the Foreign Policy Association of New York. There will be many to find fault with the conclusions offered in this unbiased presentation of the background of the present international situation, but such is to be expected. Such criticisms will not detract from the fact that this dispassionate account is excellently done.

The maps and charts by Henry Adams Grant add great interest to the simply set-forth account of Varian Fry. The reader is told how the Manchus lost an empire, how American started Japan on the path of empire and how America tried to hold the door open when so many nations were engaged in the mad scramble for political influence and control in China. We are shown how Theodore Roosevelt was deceived by the Japanese into believing they were ardent supporters of the Open Door policy, and therefore he gave his support to Japan in its conflict with Russia. For almost ten years from the time of the Washington Conference of 1921-1922 Japan kept to the promises she had made about China, joined the other nations of the world in signing the Kellogg-Briand Pact and attempted to be friendly and conciliatory to China and the other powers.

The Japanese militarists saw their chance and took it, so since September 18, 1931 there has been one explosion after another, culminating in the bombing and sinking of the *Panay*. We all know how China appealed to the League of Nations, how the Kellogg Pact was invoked, to no avail, and how America still follows the policy of "non-recognition" of the state of "Manchukuo."

Faced with threats to their ambitions, Japan's militarists decided to "teach China a lesson". Followed the Lukouchiao incident and the second Battle of Shanghai, with Japan twisting Uncle Sam's beard and the Lion's tail, paying no attention to Secretary Hull's careful circular letters, couched in innocuous diplomatic language. The League acted, the Brussels Conference was an abysmal failure and Japan occupied by force many square miles of Chinese territory, disregarding the safety or rights of third power nationals.

The question is put: Why don't we (Americans) clear out of China? It is not because of trade, for the United States does less business with China than with any other important country. It is not because there are tremendous investments in China—there are twice as many in Japan. America stays in China because of habit and tradition. Great loss of prestige would follow should the United States clear out. Another reason is that it is up to the United States to take the lead to preserve peace in the East, as it is for England and France to assume such leadership in European affairs. Why? Because if the United States remains inactive, what will happen next? Will there be a hope the world can live in peace or go up in smoke? Japan, Italy and Germany have an agreement, and they all seek to advance their markets and influence in South America. How, asks Mr. Fry, will America like it when Japan, Italy or Germany sends warships to help keep some dictator in South America on his seat? Will she continue to sit still?

America can do something beside shouting and pounding the table, is the conclusion of the author. Protests at the closing door in the Far East have been useless. Sanctions would be useless unless all nations agreed not to sell to Japan and kept their agreement long enough to bring Japan to terms. France, Britain and the Netherlands would hesitate to consider sanctions, for their Far Eastern possessions are too vulnerable. It is doubtful whether the ultimate effect of a boycott would be economic collapse, revolt or an increased support for the militarists. Certainly a privately organized boycott would lack effectiveness. Force can not stop Japan, unless it is collective force, and it is even farther from the realm of possibilities to expect such naval cooperation from Britain and France than are sanctions. In other words, there is little more America can do than she has been doing.

There are three alternatives: To discard the policy against alliances and give the British and French a mutual assistance pact, then go ahead and threaten sanctions or even force, both of which might make Japan think twice, or it might mean war.

The second alternative is the method of "peaceful change." That is, to hold the peace conference before the general war begins instead of after it has been fought. So many nations are loud in their claims of having been unfairly treated or discriminated against in so far as possible population spread, source of raw materials and trade are concerned that such a conference might be held with great profit. To be sure, even if such a conference is held, and other nations are willing to grant things to Italy, Germany and Japan, the chief "have-not" nations, what will stop them from taking by force *afterwards* other things they want?

The third alternative is to invoke the Neutrality Act and get out. A clean break with tradition, loss of much prestige, the end of America's influence in world affairs. Theoretically, this would also decrease America's expenditures on the navy.

What then, should be America's choice? The three alternatives are difficult and uncertain, yet any one of them makes more sense than the present American Far Eastern policy. The struggle between the President and State Department on one side and Congress and some voters on the other produces failures like that at Brussels. Does little to preserve world peace, doesn't serve to keep the Open Door open in China. It does cost the United States something like six hundred million American dollars a year, more than twice as much as all American investors and business men get out of China. It obliges America to keep a much larger navy than is necessary to defend America's borders, and it leaves America in the position where sooner or later some incident like the sinking of the *Panay* may drag the United States in a war. In other words, America's present policy seems destined to cause the United States to be likely to lose far more than she can gain. M. V.

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## Deviated Cargoes Traced; Many Disposed of at Loss

The great congestion of cargoes dumped at every major port of the Far East, except Shanghai, soon after the beginning of hostilities in the Shanghai area has since been almost cleared up by re-shipment or sale in the ports of refuge, local importers told the *China Press* recently.

When Shanghai suddenly became the scene of the most intensive fighting in China ships carrying cargoes for this port refused to call here and dumped the cargoes at the nearest port of call.

This resulted in goods of every conceivable nature being heaped on the wharves of ports all the way from Dairen and Japan to Singapore and Java—except Shanghai, the port for which the cargoes were destined.

It was estimated in December that from 200,000 to 300,000 tons of cargoes were so deviated. Questions of ship demurrage, wharf and godown space, especially in Hongkong and Manila where the largest amounts were dumped, resulted in great confusion.

Time is a great factor in the shipping game, and deviated cargoes were piled one on the other in helpless disorder. Large local firms were forced to send representatives to the major ports to look after their interests.

Often their searches for specific cargoes led them not only from godown to godown, but also over and under other cargoes in the confused disorder only to find that although the goods were similar in nature, the numbers on the bills and the boxes did not correspond. It required real detective work, one representative wrote his firm.

However, most cargoes have been found, straightened out and disposed of, it is understood. Handling charges in the southern ports have returned somewhat to normal and godown space has become available.

Most of the deviated goods were disposed of by sale, in the port of refuge or a nearby port. Much of small, valuable goods such as foodstuffs, pharmacy supplies, piece goods, and other consumers' goods for which there is a ready market were brought on to Shanghai.

Many consignments of raw materials such as lumber and metals were sold at losses of from 10 to 20 per cent, it is understood, as they were not saleable in Shanghai because of the general cessation of manufacturing, and because of the 13/6 per ton added freight charge imposed by shipping companies for deviated cargoes re-shipped to Shanghai.

In some instances, cargoes bought on specification for Shanghai factories, which have since burned down and the managers disappeared, were sold at even greater losses. As Hongkong carries on very little manufacturing, some raw materials stored there were re-shipped to Manila, Singapore and other ports.

Although stocks of consumers' goods in Shanghai have been somewhat depleted because of the little importing done here for some time, there are adequate stocks of certain types of raw materials on hand, but factories, especially Chinese-owned, will not take delivery or start operation so as to make use of the materials at hand, importers say.

The congestion in Shanghai godowns, which formerly led to the use of vacant buildings and vacant lots for storing goods, has also been greatly relieved through the consumption of goods formerly on hand, it is said.

Not very extensive use is made of Japanese wharves and godowns, except by the Japanese, as at least two firms state that they have had cargoes stored in such godowns in Yangtszepoo for months, but have been unable to obtain delivery.

Delivery has been effected from some Chinese godowns, but only after great difficulties and very costly permits were obtained. Free access is allowed to British wharves and godowns along both the Pootung and Yangtszepoo sides of the river.

However, numerous restrictions such as the necessity of carrying stevedore gangs back and forth by water from the Settlement to the wharves, curfew hours for workers, and the refusal to allow goods to be taken by truck through Yangtszepoo, has made working from such godown svery difficult.

## More Opium Seizures Made in Shanghai by Customs

The second biggest opium seizure in Shanghai since the start of the hostilities was made by members of the Customs Preventive Service April 4 when a party entered the Butterfield & Swire godown number 14 on the French Bund and confiscated several large cases one of which is said to contain more than 500 catties of the drug, the total value being set at about $112,000. The cases are said to have arrived in port the previous day on board the Kwangtung from Hongkong and Swatow. The vessel was due to sail April 6 on the return voyage, but in view of the seizure it is possible that members of the crew will be held for questioning. The cases were supposed to contain a shipment of Chinese sweets manufactured in the south. The cases were carefully packed and sealed to prevent the odor of opium escaping.

Since the confiscation of a cargo of opium valued at some $287,000 on February 23 and the arrest of ten members of the crew of the coaster Suiyang, Customs officers have been particularly careful in searching incoming vessels from the south to check up on their cargo. The drug on the Suiyang was found hidden in the coal bunkers. Ten members of the crew believed implicated in the smuggling ring were recently sentenced to four months each in jail by the Second Special District Court. The leader, however, escaped. The seizure of this second large cargo within less than two months has convinced those engaged in suppression work that a large organization is engaged in the traffic which is highly profitable in view of the shortage of opium here and the resulting high price.

### Woman Teacher Held

Woo Yoeh-zai, 27-year-old female school teacher in Pootung, was charged with trafficking opium by Y. D. Wong in the First Special District Court this week. She was arrested while carrying seven ounces of opium. Also appearing in court on the same charge were two men, Yau Zung and Zien Kwen-yoong, who were arrested for carrying 25 ounces of opium.

## Japanese Charge Missionaries Exploiting Chinese

British missionaries of a church in Linfen, Shansi Province have been exploiting Chinese refugees by making "unreasonable profits" from fees charged them for board and rent, Japanese military authorities in Peiping alleged this week.

When Chinese troops withdrew from Linfen, the church, the Japanese authorities alleged, "inspired the Chinese populace in the city with fear of the Japanese forces," and established a refugee camp on the church premises. Three hundred destitute Chinese men, women and children entered the camp to live. After the Japanese occupation of Linfen on March 1, the Hayakawa pacification section of the Japanese force set up a refugee camp for the Chinese. To the surprise of the Japanese authorities, 150 Chinese women and children, who until then had been in the church camp, "poured into the quarters established by the Japanese." Inquiry disclosed that the missionaries had been charging the Chinese refugees in the church camp 30 cents per capita for rent and 25 cents for board per month, the Japanese authorities alleged. No fees for board or rent were charged in the Japanese camp, they said. The only church at Linfen is one maintained by the China Inland Mission.

## Trams Cross Garden Bridge

For the first time since the outbreak of hostilities here on August 13, tramcars went over the Garden Bridge under their own power March 31. There were no passengers, however, as the Shanghai Electric Construction Company has been permitted only to send the trolleys to the company's lone workshop in Shanghai, on Baikal Road, for oveahaul and repairs. The streetcars from now on will cross the Garden Bridge regularly to receive their first grooming in more than seven months. The fact that they have not been repaired in seven months speaks volumes in itself for the perfect condition of the vehicles, as it is customary the world over to send them for inspection once a month. Even then, in the majority of cases, it is found that repairs are necessary.

## Peyton-Griffin Edits Shanghai Daily

The *North China Daily News*, Shanghai British morning newspaper, is now under the editorship of R. T. Peyton-Griffin who has succeeded Edwin Haward, resigned owing to ill health. Peyton-Griffin, after serving various provincial and London papers, came to the Far East in 1911 to join the *Hongkong Telegraph*, and, in 1915, joined the staff of the *North China Daily News*, with which he has remained euer since, except for a period of three years between 1925. His column, "In Parenthesis," has found wide popularity in Shanghai.


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**(中國評論週報)**

桂中樞 C. S. Kwei, *Editor* | 朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164

## Council to Combat Factory Menace; Ratepayers Meet April 13

Residences bordering Council roads, or close to Council roads, will be given all the protection possible within reason, an executive of the Shanghai Municipal Council said last week in regard to the threatened encroachment in Shanghai's most popular residential area of factories. The menace in the Western District, he said, would be met by all the powers within their command, and although the question of outside roads jurisdiction today was no less perplexing than it was a year ago, he believed that the means within their command were sufficient to present the unauthorized building of factories within areas which had during the last few years become almost exclusively residential. While it was impossible for the Council to exercise jurisdiction over those areas formerly under Chinese authorities, it was declared, the Council still did, and would continue to, exercise jurisdiction over its roads. The exercise of such jurisdiction was tantamount in this respect to complete authority over the whole area, since industrial development could not take place without the freedom of the Council's roads.

Enlarging on the explanation which will bring reassurance to hundreds of residents in the Western district, the authority declared that it might be possible for industrial concerns to erect factories in areas formerly under Chinese control, but, he pointed out, the factory would be compelled to find an outlet, and the Council, if it so wished, could clock any outlet within that district. "There are wide areas of unoccupied and undeveloped territory on the southwest border of the city, and if factories are to be built, they should be built there," he declared. "Life savings have been invested in private residences in the western district within the perimeter, and so far as the Council can, it is going to protect those investments. It would be manifestly unfair to permit industrialistists to plant factories down at the back door of some of the most beautiful homes the city can boast.

"In addition to control of the roads, the Council might, if it were necessary, influence certain of the utility companies upon which industrialists are compelled to reley for supplies, and I do not think there will be any difficulty in preventing undesirable industrialization of the area.

### Twelve Million Dollar Approval Wanted

Formal approval of the ratepayers of the International Settlement for the raising of a loan of $12,000.000 will be sought by the Shanghai Municipal Council at the annual ratepayers meeting scheduled to be held at the Grand Theater on the afternoon of April 13. Ratepayers will consider:

"That the estimated expenditure for the year 1938 contained in the budget proposed by the retiring Council together with the recommendations attached thereto be approved and adopted and that the Council be hereby authorized to impose taxes and dues and fees recommended therein and to raise, should it be considered expedient to do so, upon such terms and in such manner as the Council may in its discretion think fit, a sum not exceeding $12,000,000, or the equivalent thereof for the purpose defined in the estimate of extraordinary expenditure."

Other business slated to come before the meeting in addition to the matter of the $12,000,000 loan includes the appointment of a chairman and secretary, adoption of rules of procedure, the election of a land commissioner and the election of four governors of the General Hospital. Mr. Erik Cryne has been nominated for the post of land commissioner while Drs. A. C. Bryson and T. B. Dunn and Mr. W. H. Plant and Brigadier-General E. B. Macnaghten are the nominees for election to the General Hospital governing board.

## Kailan Strike Situation Grows More Serious

Some 2,000 Chinese stevedores at Chinwangtao, engaged in the loading of Kailan coal, stopped work on April 3, bringing the total number on strike to 12,000, according to a *Domei* report. Six representatives of the stevedores arrived in Tientsin to negotiate with the management. The Japanese report claimed that the Chinese strikers had appealed to the Japanese for assistance in obtaining wage increases and better working conditions from the Kailan Mining Administration. A full report on the Kailan situation, including the current negotiations for sale of coal to Japanese interests, appeared in *The Review* for April 2, Page 113.

## German Medical Officers Attached to Japanese Army

Six German military medical officers arrived in Japan on March 17 and will be connected for several months with the Japanese Army. Of the six doctors, five are connected with the German Army and one with the Air Corps. After some four months special study in Japan under the auspices of the Japan Medical Association, including attendance at a conference in Kyoto in April, the Germans will join the Japanese Army here. While in China the German physicians will study Japanese methods in giving first-aid treatment to wounded soldiers.

## C. N. A. C. and Eurasia Continue to Operate in South and West

Although China National Aviation Corporation and Eurasia Aviation Corporation were compelled to give up their offices in Shanghai as a result of the Japanese occupation of the surrounding district, both companies are continuing to operate in South, Central and West China. C. N. A. C. was the operating company for the planes of Pan-American Corporation while the Eurasia Corporation operated the planes of German Lufthansa interests.

C. N. A. C. now has its headquarters at Chungking on the Upper Yangtsze while Eurasia has its headquarters in Hongkong. C. N. A. C. operates planes three times weekly from Hongkong to Chungking, via Hankow, with a daily service from Hankow to Changsha and from Hankow to Chengtu.

The Eurasia line operates almost daily service on the Hongkong-Changsha-Hankow line and in addition operates over a wide circuit in Hupeh, Shensi and Szechuen, linking up Hankow, Chungking, Chengtu, Hanchung, Sian and then back to Hankow.

C. N. A. C. lost only one plane which was bombed on the Nanchang airfield last year, the remainder of its planes being concentrated at Chungking. Both companies are said to be ready to resume their regular services at any time. However, the Japanese have announced their intention of operating planes over the routes in North, East and Northwest China which formerly were controlled by the American and German aviation interests. The Japanese recently organized two companies, Japan Air Transport and Manchurian Air Transport and both are said to plan operation of Douglas type planes.

## Freedom of the Press in Britain

"No attempt had been made, either by instruction, request or suggestion, to prevent any newspapers from their considered views on the Government's foreign policy and I have already made a reference to the heavy responsibility which rests on the press when commenting on international affairs," Neville Chamberlain, the Prime Minister, said in reply to a question asked in the House of Commons this week.

Following objections raised by the Foreign Office, publication of a book entitled "The Drama of the Suez Canal" has been delayed indefinitely, the *Stefan News Agency* reported this week. The book was to have appeared April 5. One of the authors of the volume, Sir John Davies, died a few days ago. For several years he had been the private secretary of David Lloyd George, when the latter was Prime Minister. Among other things, the book was said to contain "considerations deemed not opportune regarding the relations between Italy and Great Britain in the Mediterranean."

## Ex-Tientsin Mayor Exonerated

In a mandate issued March 30, the Chinese National Government cancelled the previous order for "the dismissal and court-martial" of General Chang Tse-chung, former mayor of Tientsin and commander of the 38th Division of the 29th Army. The mandate stated that since given command of a detachment of Chinese troops on the Linyi front in southeastern Shantung, General Chang Tse-chung has distinguished himself by his courage in repulsing the repeated offensives made by the Japanese troops. General Chang, it will be remembered, was ordered by the National Government, on the recommendation of the Ministry Affairs Council, to be dismissed from his positions as mayor of Tientsin and commander of the 38th division of the 29th Army following the debacle in Tientsin in July last year, soon after the outbreak of the Lukouchiao incident. He was also ordered to be tried at a court-martial with regard to the loss of Tientsin. These orders, however, were suspended and he was given a chance to redeem himself and was ordered to reorganize his troops in Shantung.

## Japanese Militarists and Civilians Inspect Nanking's Air Defense

Two large delegations of Japanese military officers and civilians, one from Tokyo and the other from Dairen, were in Nanking last week making a detailed inspection of the Chinese Capital's system of air-defense. The Japanese also made a thorough inspection of damages caused at Shanghai by Japanese air-bombs and artillery fire.

Japanese military officers have privately expressed great admiration for the system of air-defenses which the Chinsee authorities had constructed at Nanking—responsible for the loss of many Japanese planes and aviators—prior to the evacuation of the city by the Chinese authorities. It was stated, according to the *Nichi-Nichi* (March 13) that the Japanese authorities at both Dairen and Tokyo intend to imitate the Nanking anti-aircraft defense system.

# YOUR HELP NEEDED!

Up to January 22nd, the Shanghai International Red Cross has among other things spent $417,527.34 for caring of refugees, $109,392.38 for wounded soldiers, $59,063.69 for medical supplies, and $19,379.40 for civilian hospitals. Though these are large sums, they have not been sufficient to meet the needs of the multitudes of war sufferers in the city.

Beginning from January, the Shanghai International Red Cross has undertaken the responsibility of supporting some 150,000 more refugees. For this additional relief burden, no less than $450,000 are required per month.

In view of this desperate situation, the Shanghai International Red Cross feels that unless increasingly large donations can be obtained from friends in outports and abroad, its work cannot go on unhampered. Will you extend a helping hand in this humanitarian work? If so, please sign the blank below and send your donation today.

.....

To the Shanghai International Red Cross,
505 Honan Road, Shanghai.

Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check (or postal money order) for Dollars.....as my donation to the Shanghai International Red Cross.

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# WOULD 200 PERSONS BE INTERESTED

In a day-to-day record of the "Undeclared War" on the Shanghai and Peiping fronts since the beginning—July 7 in the north, July 24 at Shanghai?

THE CHINA WEEKLY REVIEW has published in its weekly issues a complete day-to-day record of the war. Recently many persons have suggested the reprinting of the record in a booklet which could be used for reference or mailed to friends abroad who are interested in developments here. The first volume, according to present plans, will cover all phases of the war from the beginning to Jan. 2, 1938 when the Japanese peace terms were presented through the German Ambassador.

The booklet will answer most of the questions about the struggle: When and how it started; Names of chief leaders: early efforts to localize and prevent from spreading; how it started at Shanghai; how it became general after Sept. 1; estimates of value of property destroyed; Yarnell policy; Fall of Nanking and Japan's peace terms.

Would 200 persons be interested in obtaining copies (5 ins. X 7 ins., approximately 150 pages) at a cost of $2 each, including postage? If so, this would enable us to proceed with the work. Please fill out the attached form and mail at once:

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# AMAZING EXTENT OF WAR DESTRUCTION IN CHINA

What is the extent of China's war damage? The March 19 issue of **The Review** contained a 32 page supplement devoted entirely to the matter of losses caused by Japan's "undeclared" war in China—Industrial, Commercial, Residential; Chinese Colleges and Universities; Civic and Cultural Structures; Christian Educational Centers; Mission and Religious Buildings; Scrap-Iron and Machinery Thefts; Foreign Commerce throttled!

## WHO WILL PAY FOR THE DAMAGE?

In addition to the material damage, the supplement also contained a number of extracts from reports written by neutral foreigners telling of the human destruction, almost unbelievable accounts which are reminiscent of the wars of a bygone age.

**Some of the Titles**

Industrially Crippled China—Recipient of a Made-in-Japan Earthquake

Hangchow—Ancient Landmark Crumbles under War's Impact
Nanking—What Really Happened—and the Japanese Paradise.
Shanghai Industry Stilled by War's Heavy Guns
Foreign Mission Losses Heavy—Catholic Losses Nearly $4,000,000.
Diary of an American Doctor—Wusih Property Looted.
Tsingtao Mills Wiped Out in Retaliation.
Throttling of Shanghai Commerce—North China Tariffs

IT CONTAINS SEVERAL PAGES OF PICTURES

Copies of the Supplement were supplied free to all subscribers as well as purchasers of copies at news stands and book stores.

As all copies of the original printing were sold out, it has been necessary to print an additional supply which will be sold at the slightly increased price of 30 cents each, or 40 cents each if mailed from this office.

If you are not a regular subscriber, send your order and have the paper delivered regularly to your home or office. The rate is $12. (Chinese currency) a year, in China, or U. S. $8. a year when delivered to addresses in America or Europe. The rate by air-mail to Central and West China is $28 a year. A copy of the supplement, "Destruction in China" will be supplied free to all new subscribers, providing reference to this advertisement is made when order is placed.

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